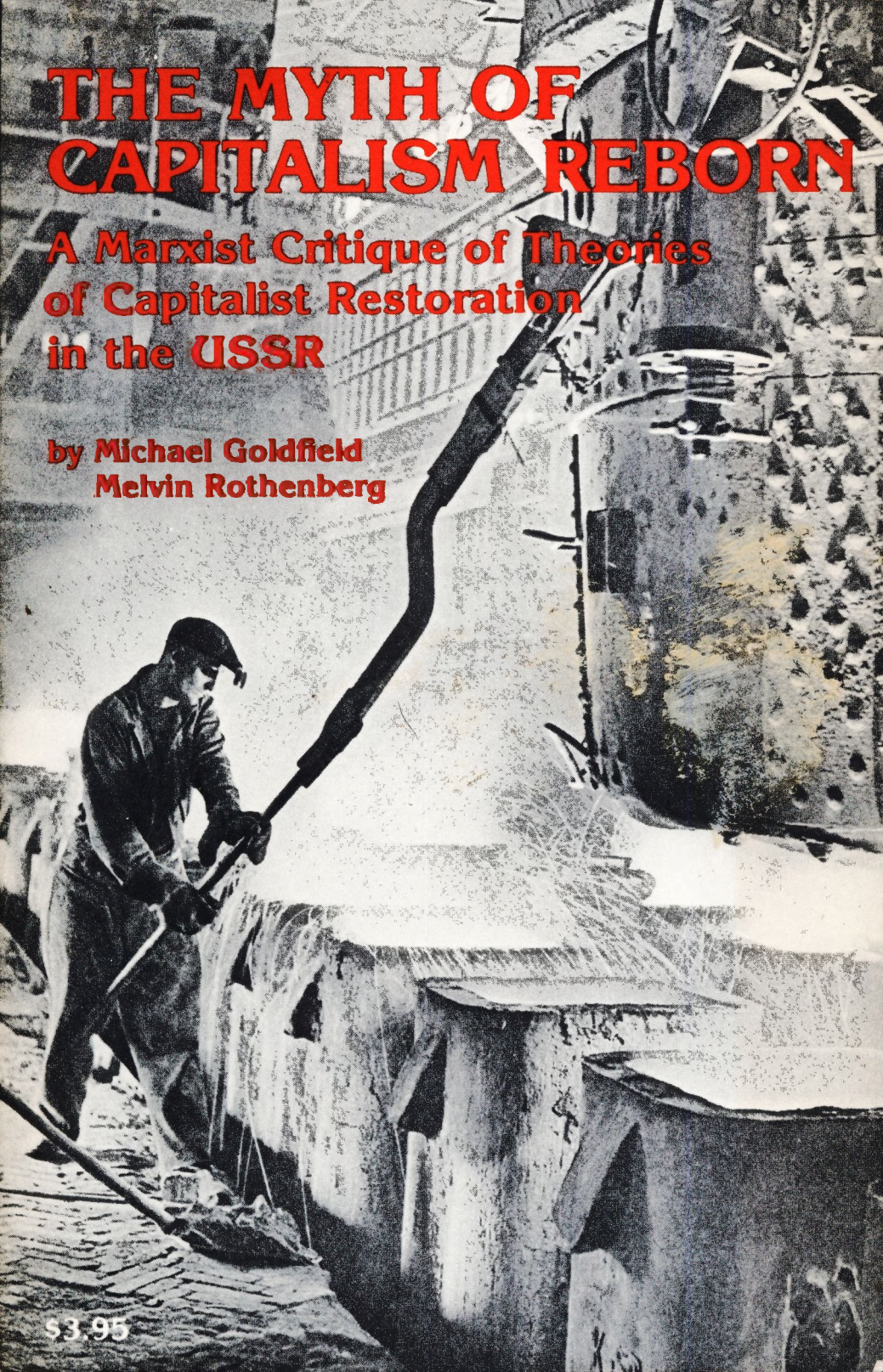


# THE MYTH OF CAPITALISM REBORN



**A Marxist Critique of Theories  
of Capitalist Restoration  
in the USSR**

**by Michael Goldfield  
Melvin Rothenberg**

**\$3.95**

# **The Myth of Capitalism Reborn:** **A Marxist Critique of Theories of** **Capitalist Restoration in the USSR**

by Michael Goldfield  
and Melvin Rothenberg

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# Table of Contents

Publisher's Preface	i
Authors' Preface	v
Introduction	1
Has Capitalism Been Restored in The Soviet Union?	
Some Comments on the Importance of the Question	
Chapter I	6
Some Initial Theoretical Clarifications on the Transition to Socialism	
Chapter II	22
The Chinese and Albanian Theses on the Restoration of Capitalism in the Soviet Union	
Chapter III	29
How Theory Number One Falsifies Soviet Reality	
Chapter IV	51
On Posing and Settling the Question of Capitalist Restoration in the Soviet Union	
Chapter V	77
How Theory Number Two Abandons Historical Materialism	
Chapter VI	102
On the Possibility of Capitalist Restoration and Concluding Remarks	
Appendix	107
On Our Method	
Figures 1-8	113

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## Publisher's Preface

The Soviet Union Study Project was established approximately a year and a half ago by a group of U.S. Marxist-Leninists as part of a conscious effort to resolve some of the complex and controversial theoretical questions concerning the class nature of the USSR and its role in world politics.

More particularly, the Project was initiated in order to undertake a theoretical appraisal of the theory that capitalism has been restored in the Soviet Union.

The class nature of the USSR and its role in world politics is a central theoretical question which, of necessity, impacts all progressive forces engaged in the struggle against imperialism. The question is important not only because it provides the theoretical underpinning of the general line of the Communist Party of China but because anti-communism continues to be a prime ideological prop of the imperialist system and the Soviet Union has always been the principal target of the anti-communist ideologists.

This problem has been greatly compounded in recent years by the fact that the communists themselves are deeply divided on the question of the role and nature of the USSR. Confusion is widespread, especially since the promulgation of the Three Worlds Theory by the Communist Party of China, which targets the USSR as the main source of aggression and war in the world. For the most part, the communist movement is identified with one of two divergent lines: one view sees the USSR as the paragon of socialism; indeed, to use the words of Soviet Prime Minister Leonid Brezhnev, a system "on the threshold of communism"; the other view contends that the Soviet Union is no longer socialist, that capitalism has been restored in an all-sided way and that the USSR is a "social-imperialist" fascist country.

Both of these lines have an organized following turning them into a material force which has split the world communist movement. Between these two poles are a number of other positions, including the proponents of "democratic" socialism, Trotskyism, and, increasingly, cynicism.

The Soviet Union Study Project is an attempt to direct Marxist-

Leninists to take up this question in a more systematic and sustained fashion. The most serious theoretical work on the USSR today is being done by Marxist scholars and Sovietologists. While such work is indispensable, it is important to shift the center of gravity of such work from the Marxist academy into the midst of the communist movement in order to give the debate real practical, historical significance. Consequently, the Project approaches the question of the USSR as a problem of line and line struggle, and frames its study in the actual polemics taking place currently within the international communist movement.

As with all important theoretical questions, the need for an appraisal of the USSR and the critique of the capitalist restoration thesis has been posed by the political effects of the principal theories. On the one hand, there are the policies flowing from the general line adopted by the CPSU in 1956 when a wholesale revision of fundamental Marxist-Leninist propositions was advanced. These new propositions argued that peaceful co-existence between the U.S. and the USSR was the central question of our epoch and that under present conditions it was practical and even necessary to effect the transition from capitalism to socialism by peaceful means. On the other hand, the general line developed by the Communist Party of China over the past 15 years, based on the thesis of capitalist restoration in the Soviet Union, now calls for a world united front against Soviet "social imperialism" and subordinates the revolutionary struggles of oppressed peoples and nations against U.S. imperialism to its anti-Soviet objective.

A widespread critique of the Soviet revisionist deviation has become an indelible part of contemporary Marxism, although the task of explaining its historical roots has not yet been accomplished. But there has not been, to date, a satisfactory critique of the capitalist restoration thesis. Accordingly, the Soviet Union Study Project decided that its primary initial focus should be directed toward that proposition.

While the political consequences of the capitalist restoration thesis—and its offspring, China's "Theory of the Three Worlds"—impact every political movement to one degree or another, Marxist-Leninists have a particular responsibility in the matter. First, the thesis has been advanced in the name of Marxism and is subject to a theoretical critique utilizing Marxist categories and criteria. Second, the thesis is the key practical prop underlying one of the major trends in Marxism today. And finally, the capitalist restoration thesis tends to pre-empt the anti-revisionist ideological battleground in the necessary Marxist-Leninist critique of the nature of the Soviet Union and the policies of its Communist Party.

The principal political terrain for this theoretical work has been mapped out by Marxist-Leninists who, in rejecting the class collaboration inherent in the line of the CPC, represent a new emerging trend in

Marxism. The origin of this new trend is as a part of the anti-revisionist movement which rose in opposition to the line and policies of the CPSU for subordinating the cause of revolution and world socialism to its immediate state interests. Because of this legacy, and because the CPC's Three Worlds Theory is based on the capitalist restoration thesis, it falls to this emerging "anti-revisionist, anti-'left' opportunist" to take up the critique of the capitalist restoration thesis.

The Soviet Union Study Project is a conscious initiative emanating from this trend. Its ultimate purpose is to provide a sound theoretical foundation for an all-sided appraisal of the nature and role of the Soviet Union today.

In planning its work, the Project utilized the scientific method of conducting its investigation on the basis of an agreed-upon leading hypothesis. This approach enables those doing theoretical work to test outstanding propositions in a rigorous fashion and is a confirmation of the principle that all political work proceeds on the basis of a leading line—even if, in time, experience and study determine that the line cannot be verified. In this instance, the Project began with the working hypothesis that the thesis of capitalist restoration was scientifically unsound.

After more than a year of intensive study, research and debate, the Project has concluded that the capitalist restoration thesis is indefensible on both empirical and theoretical grounds and must be rejected by Marxist-Leninists.

An important contribution to the study was made by this book, "The Myth of Capitalism Restored in the USSR," by Mike Goldfield and Mel Rothenberg. The work, which came to our attention in manuscript form a few months after the Study Project was launched, provides one of the most thorough and comprehensive critiques of the capitalist restoration thesis to date.

The decision by the Soviet Union Study Project to publish *The Myth of Capitalism Reborn* is part of a broad political orientation to collectivize the theoretical work of the Project with the movement as a whole.

Within the Project, there is overwhelming agreement with the main propositions advanced by the authors in terms of the refutation of the capitalist restoration thesis. At the same time, there is widespread disagreement within the Project with the particular alternative theory advanced by the authors, namely the notion of a "transition society" characterized by the dictatorship of the proletariat but not yet at the stage of socialism.

At the present time, the Soviet Union Study Project is devoting itself to further amplification and refinement of the critique of capitalist restoration, an investigation into the historical context for the development of the capitalist restoration thesis, and the beginnings of a study on the

historical experiences of socialism in the world which, it is hoped, will provide a foundation for definitively settling the question of the nature and role of the USSR.

In the future, the Project will periodically publish other theoretical work devoted to all of the above questions. Those interested in being notified of these Occasional Papers are encouraged to write to the Soviet Union Study Project, c/o Line of March Publications, 964 Valencia Street, San Francisco, CA 94110.

Tom Angotti  
Bruce Occeña  
Margery Rosnick  
Irwin Silber



## Authors' Preface

The material presented here represents over a year of concentrated study and analysis on the part of the authors. It was completed in the spring of 1978, and was subsequently circulated among a small number of comrades and friends. Although it was positively received, we did not have, at that time, the resources to circulate it more broadly in the movement. While we feel it would have been preferable to circulate it at that time when its conclusions were politically more controversial than at present, we believe its circulation still serves a useful purpose since the theoretical confusions underlying the restoration thesis remain widespread among Marxist-Leninists. These confusions are still causing and will continue to cause great havoc until they are overcome. We appreciate the support of the Soviet Union Study Project in making possible the distribution of this pamphlet, but even more in their serious and comradely critique of our work. Although they are not in full agreement with our conclusions, nor we with theirs, they have made a significant contribution to deepening our understanding of this most critical question. Of equal importance, they have proven the possibility of making collective theoretical advances among serious Marxist-Leninists at a time when our movement is generally in disarray and in retreat.

Michael Goldfield  
Melvin Rothenberg,  
December 1979

## **Introduction:**

# **Has Capitalism Been Restored in the Soviet Union?**

## **Some Comments on the Importance of the Question**

The nature of Soviet society is the most important theoretical question for revolutionaries today. There are several reasons why this is so.

The first reason is generally acknowledged by various tendencies and groups that consider themselves revolutionary. Different assessments of the role of the USSR internationally—friend, foe, main danger, lesser danger, something in between—lead to radically different assessments of the international responsibilities of the revolutionary forces. These responsibilities include the question of what aspects of social development, which struggles, are progressive and which are reactionary. Different assessments of the Soviet Union have already led to polar opposite positions on Angola, Iran, Ethiopia, Portugal in 1974, the Middle East, NATO, the Common Market, and more recently the struggles in Indo-China. These differences will lead in the future, as they have already in Indo-China, to the advocates of one theory or another confronting each other, not with polemical missiles, but from different ends of the gun barrel. Such is the importance of the question and a measure of the urgency of a clear class analysis: it also serves as a commentary on the bankruptcy of agnosticism on this question.

The above reason, in and of itself, is not sufficient grounds for our assertion that it is the most important theoretical question. Other central questions demand our attention. Among these are certainly the question of the role of the working class party and how it must operate in the present situation in the U.S. so as to be both organically linked to the class and yet represent the long term fundamental interests of the class. These interests are, of course, inseparable from a correct stand on the international situation. At the same time, the party must also solve other pressing, immediate questions. What holds back the development of revolutionary consciousness among the working class? What are the respective roles of the bourgeoisie, their conscious ideologists, the labor bureaucrats, and the labor aristocracy in this process? What is the significance of the various material inequalities within the U.S. working class? Are they bribes, privileges, concessions, etc.? Probably the most pressing, concrete question of line facing U.S. revolutionaries is that

concerning the relationship of the working class movement to the struggles of oppressed nationalities, particularly the struggles of the Black people. Certainly an understanding of these questions does not depend on a correct position on the Soviet Union. One could argue that these questions have at least equal importance with the question of the Soviet Union for the development of the revolution in the U.S.

We believe, however, that the question of the Soviet Union has a dimension which makes it key at this moment, a dimension which these other questions lack. It necessarily brings with it the question of method and theoretical orientation toward Marxism in a very sharp form. One's position on the Soviet Union has implications for, and foreshadows, how one will analyze all other questions.

The reason for this is that an analysis of the Soviet Union raises immediately the question of Marx's fundamental approach to social development. When is the development of a society progressive? When is it reactionary? When does one type of development turn into its opposite? In analyzing the Soviet Union, we have thrust upon us the questions of the exact nature of capitalism, socialism, communism, and the various forms of transition from one society to another. We must confront the question of what economic changes constitute a change in the mode of production of a given social formation, and whether we can theoretically distinguish between an important but not fundamental transformation, a fundamental qualitative transformation, and an actual replacement of one mode of production by another. Ultimately, we are confronted with basic questions of orientation: the relation between politics and economics, the nature of Marx's dialectical method and his materialist approach.

Until two years ago the authors of the present paper were among those who accepted the Chinese and Albanian position on the restoration of capitalism in the Soviet Union. During that period we had several reservations and differences with Chinese foreign policy which in our opinion stemmed from a certain type of analysis of the Soviet Union. We examined various arguments and positions on the Soviet Union put forth by the Chinese and Albanians and their supporters in the West and found them inadequate. We therefore set out to make an independent investigation of the Soviet economy, focusing both on its present functioning and on the changes that have taken place since the death of Joseph Stalin in 1953. Our initial goal was to provide a more thorough and adequate argument and documentation for the thesis of the restoration of capitalism in the Soviet Union than had been given by either the Chinese or Albanians.

To our surprise and initial dismay, the more we dug into the data, which was readily accessible to a conscientious research effort, the less sense the restoration thesis made. The evidence was simply overwhelming that despite changes in the Soviet economy over the last 30

years, capitalism, in any Marxist sense of the term, does not exist there. We came to realize that the determination of the nature of Soviet society was inseparable from a theoretical examination of the central features of capitalism, socialism, communism, and the various forms of transitional regimes. Our project thus changed from one of attempting to verify a view of social reality, i.e., that the Soviet Union is capitalist, to an attempt to re-assert Marxism against non-Marxist approaches to the question. In doing so we were forced to break with a political orientation which no longer represents the revolutionary interests of the international proletariat.

It is clear by now that this painful questioning and re-examination of the political basis of our activity and our very lives over the past decade was in no sense an individual crises. The profound divisions wracking what used to be called "the new communist movement" in the U.S. is only a reflection, in what was at best a fragile and somewhat infantile movement, of a much more profound crises in the international communist movement. This crises marks the end of an important period in the history of the world revolutionary movement. The most visible and dramatic feature of the new period is the discrediting of the revolutionary credentials of the People's Republic of China and the Communist Party of China among many of its former supporters and sympathizers. This has been accompanied by the turning away from China of various revolutionary and national liberation movements, the cooling off of relations between China and many of the more progressive governments of the Third World, the splintering and disintegration of many of the pro-Chinese Marxist-Leninists groups around the world, particularly in the U.S. and western Europe, and the denunciation of China by the Party of Labor of Albania, its closest and most important Marxist-Leninist ally for almost two decades.

For the past 20 years, the Chinese and Albanian parties have been the centers around which have gathered anti-revisionist Marxist-Leninists and revolutionaries from every nation. The political line of this center has been based on a critique of Soviet ideology, Soviet international line, and Soviet society as a whole. The thesis of the restoration of capitalism in the Soviet Union is merely the logical extension of this critique. Thus, the careful examination and coming to terms with this thesis is particularly important for those of us who have supported this center. It is particularly important now that this center, as a center of revolutionary inspiration and leadership, has disintegrated. To us it represents a necessary, vital break with and self-criticism of our own political past.

The Albanian critique of China's international line, which became public just as our own re-assessment was crystalizing, helped convince us that we were on the right course, but we found their overall analysis inadequate. The Albanian attack on the "Three Worlds Theory" was certainly on the mark. The failure of the Chinese to undertake a serious

class analysis of the Third World, the manufacture of spurious progressive qualities of the reactionary imperialist governments of the so-called "Second World," and the rush to an alliance with U.S. imperialism on the grounds that the USSR is "more dangerous" represents in total a gross abandonment of proletarian internationalism which must be attacked and discredited. At the same time, the Albanian line is not theoretically well-founded since it is based on an erroneous analysis of the Soviet Union, an analysis which does great violence to the facts and to the Marxist method itself. This leads the Albanians themselves into political *cul de sacs*, such as the attempt to defend and support Vietnam against China and attack the Soviet Union at the same time. The fundamental error, which both the Chinese and Albanians share, is not the analysis of the Second or Third Worlds, but their analysis of the so-called "First World." It is true that the U.S. and the USSR are by far the most powerful military powers in the world, and by a substantially reduced margin, still the leading economic powers. Thus it is correct to refer to them as the superpowers. Yet, to build a theory based on the assumption that they inhabit a common first world is to assume that they play parallel and essentially equivalent and interchangeable roles in the international arena. But to assume this is to deny the validity of Lenin's analysis of Imperialism, or to attribute characteristics to the Soviet Union which have no basis in reality. As Marxist-Leninists we see nothing in the arguments put forward that justify abandoning Lenin's analysis. On the contrary, Lenin on imperialism appears even more insightful, contemporary and relevant when contrasted to the bilge churned out in Beijing or Tirana.

While the present politics of the Chinese, at least, are easy to dismiss, it would be wrong to dismiss their critique of the Soviet Union as simply the fabrications of scoundrels and opportunists. The Albanian and Chinese parties began an attempt to explain the open abandonment of Leninism by the CPSU, the degeneration of Soviet society, and its lack of internationalism. That these attempts were ultimately unsuccessful has to be established and analyzed carefully. Our method here is to take the Chinese and Albanian position on the restoration of capitalism in the Soviet Union seriously and to examine it in a careful and scientific manner. If we accomplish nothing else we hope to play a small part in freeing the analysis of this question from the rhetorical verbiage in which it is customarily immersed. If we succeed in this much, we will have made some small contribution toward the restoration of Marxism as a serious tool of social analysis.

In view of our methodological assumptions, discussed more fully in the Appendix, we have felt it necessary to carefully and fully document our assertions, much more so than is customary in political polemics of the contemporary left. In order to keep this text within any reasonable length we have thus been forced to omit certain key areas and questions.

For example, we have avoided a detailed analysis of the historic roots of the current problems in Soviet society. This latter question brings in an enormous range of material and raises very difficult and basic political questions. This is not a reason for avoiding the question. In fact it is the very reason it must be taken up. At the same time, it requires a separate treatment of its own, and its treatment is not required in resolving the precise question we are analyzing.

Perhaps a more serious omission in this manuscript is a lack of analysis of the international role of the Soviet Union. In testing our conclusions we have, of course, made such an analysis and all our findings are consistent with the conclusions of this paper. However, an adequate, fully documented survey of Soviet international relationships would have doubled the length of this already bulky manuscript. Furthermore, from a rigorous theoretical perspective, Soviet international practice can at best provide secondary evidence for or against the thesis of capitalist restoration. It cannot be decisive. The question of the existence or non-existence of capitalism in the Soviet Union is a question of the relations of production that exist there. These relations cannot be deduced from the foreign policy of the Soviet government. To hold otherwise is Idealism, not Marxism.

Our basic methodological principles are discussed in the Appendix. Our line of attack is as follows:

In Chapter I, we begin with some initial definitions and theoretical clarifications so as to pose the questions precisely. The central point here is to develop what we regard as the correct Marxist-Leninist conception of the period of the transition to socialism. An adequate understanding of this concept is essential to posing the question of restoration in a rigorous and scientific manner. In Chapter II, we present the Chinese and Albanian thesis on the restoration of capitalism in the Soviet Union as carefully and coherently as we can, and in the course of doing so distinguish two distinct variants of the thesis, both of which are intertwined in the Chinese polemics. In Chapters III and IV, we examine the first and most significant variant. Chapter III involves the examination of data presented by the restorationist theorists to support their claims. In Chapter IV, we examine in detail the key assertions about the Soviet economy and the theoretical basis for such assertions. In Chapter V, we take up the second variation of the restoration thesis. This form of the thesis relies on a theoretical revision of Marxism, rather than an analysis of Soviet social reality. We confront this position by analyzing and refuting the formulations of Charles Bettelheim, the most sophisticated proponent of this viewpoint. In so doing, we are simultaneously refuting the cruder, more ignorant, formulations of this variant which run rampant through the declarations, manifestos, and party programs of much of the "anti-revisionist" left. In Chapter VI, we draw some political conclusions.



## Chapter I

# Some Initial Theoretical Clarifications

Anyone trying to sort out the various positions in the debate over the nature of Soviet society is apt to throw up their hands in dismay. There is not only an extremely wide array of positions.<sup>1</sup> One also quickly gets the sense that many of these positions are based upon methodological confusion, or simply upon elemental intellectual sloppiness.

Thus, the first task is to cut through some of the reigning confusions. This section has something of a modest aim. It attempts to clarify the terms of the debate on Soviet society. We shall begin by showing the divergence of present Soviet views from those of both Marx and Lenin.<sup>2</sup> In doing so it will attempt to clarify the views of Marx and Lenin on the nature of socialist society and communist society. The discussion will focus on the question of "bourgeois right" explaining its role under capitalism, socialism, and communism. In passing, it will touch on the weaknesses of the conception of Mao Tse Tung in which the notion of "bourgeois right" played such a central role.

### I

The present Soviet position is that the Soviet Union is currently in the process of making a transition from socialist to communist society. This position has been upheld fairly consistently from the time of the 20th Party Congress in 1956,<sup>3</sup> under the leadership of Nikita Khrushchev up to the 25th Congress in 1976 under Leonid Brezhnev, onto the present day. The only innovation during this period of 23 years seems to be the assertion by Leonid Brezhnev that the Soviet Union is getting closer to communism.<sup>4</sup>

The view of the present Soviet leadership is a direct outgrowth of the position asserted by Stalin in the thirties (put forth most extensively at the 17th Party Congress of 1934<sup>5</sup> and the 18th Party Congress in 1939<sup>6</sup>). Stalin's assertion was that socialism had been established in the Soviet Union by the time of the 17th Party Congress. The economic development resulting from the completion of the first five-year plan (roughly late 1928 to 1933) and the collectivization of agriculture, largely accomplished by the 17th Congress, created socialism. A sub-position

or sub-argument was that collective farms were a socialist form of economy.<sup>7</sup> Stalin further argued that the elimination of small and scattered agriculture, and its transfer to collective farming eliminated the possibility of the restoration of capitalism in the USSR; the only forces left that could overthrow socialism were external, the forces of imperialism internationally.

In order to determine how close the Soviet Union is to Marx and Lenin's conception of communist society, it is worth briefly summarizing their conception:

1. Communism is classless society. All distinctions based on membership in former classes or social strata (landlord, peasant, capitalist, worker, priest, shopkeeper, intellectual) or oppressed grouping (national minorities and women, especially) have all disappeared. The distinction between different forms of labor, worker-peasant, mental-manual have disappeared. The distinction between city and country (as to goods available, services, education, cultural opportunities, recreation, etc.) no longer exist in any materially meaningful way.

2. Labor productivity has so increased, based upon a huge development of the productive forces, that material scarcity has come to an end.<sup>8</sup>

3. With this, the selfish habits and competitiveness of capitalism have disappeared. People become accustomed to acting according to the following principle: "From each according to his ability, to each according to his needs."<sup>9</sup> Money and wages are no longer necessary either as a means of reward or a method of accounting for labor and goods.<sup>10</sup>

4. The state withers away.

5. Communism by necessity can only be established on a world-wide basis.<sup>11</sup>

We shall examine in succeeding chapters the degree to which the Soviet Union or any other "socialist" country is nearing this classical description of Communist society.

## SOCIALISM

The next question to be asked is whether the Soviet Union is socialist or is even close to having reached that stage. It is worth noting that the above description of Marx, Engels, and Lenin's view of communism would probably be agreed to by most who consider themselves Marxists; thus, our reason for such a succinct treatment of the topic. What is not so commonly agreed to, however, is the necessity of a separate stage of socialist society to be reached along the way to communist society. Many would dispute that there actually is a socialist stage that is not reached until many years after the overthrow of the old capitalist society. Even for those who accept this idea, however, there is little clear agreement on what is meant by "socialism." We intend to argue that no "socialist" country has reached that stage in the classical meaning of the

term. Here, the plausible rejoinder might be that we are merely quibbling with words, that things in the real world do not always work out the way they were expected to be. But, that would be to miss the point. Marx and Lenin's view was that in the stage of socialism, certain tasks had already been accomplished, that certain pre-requisites for communist society were already in existence. Thus, the claim that "socialism" exists has always been an implicit claim that those pre-requisites have already been established. It is with these pre-requisites that we will now concern ourselves.

In order to evaluate the claims of Stalin and also those of the present Soviet leadership, we shall examine what Marx and Engels referred to as the "lower stage" (or sometimes the "first stage") of communism,<sup>12</sup> what Lenin called "socialism":

1. Indisputably, socialism cannot exist without nationalization of all the major means of production, communication, transportation, land, and banks. One must, however, be quite selective in one's quotes to attribute this as the essence of Marx or Lenin's view of socialism.<sup>13</sup>

2. Lenin for example, argues quite explicitly that nationalization is to be sharply distinguished from socialization. Nationalization, requiring merely a government edict transferring property rights to the government was accomplished quite early in Soviet Russia.<sup>14</sup> By mid-1918 the government had seized even the majority of the country's windmills!<sup>15</sup> Socialization, on the other hand, requires "accounting and control" by means of a central plan.

3. Socialization, i.e., based on real planning, requires a high level of development of the productive forces in all spheres of the economy, not only in industry, but also in agriculture. Without this, there can be little effective accounting and control.<sup>16</sup>

4. It is only upon this basis, with the existence of a state-owned economy, with a plan co-ordinating all the major spheres of economy that the socialist principle "each according to his work" can be fully instituted. It is this principle, on which the distribution of material goods and services is based during the stage of socialism, which Marx referred to as "bourgeois right."

Many who consider themselves Marxists dismiss discussions of "bourgeois right" or consign it to a secondary status in analyzing the Soviet Union. They argue that production relations, not distribution relations, are primary. While there may be truth to this proposition abstractly stated, it fails to note the importance of distribution relations precisely because they are based on and interrelated to production relations. Since the question of bourgeois right is, in our opinion, a central one, and there has been widespread misunderstanding of this concept, it is worth examining in detail. We would like to stress, however, that the development of right is **one** important **indicator** of the level of social development; it is certainly not all there is to the question.

## BOURGEOIS RIGHT

"Bourgeois right" is the principle supposedly upheld in capitalist societies. It is a principle of equality based upon what Hegel referred to as "abstract right." Bourgeois right claims that all persons are equal. It claims that everyone should have an equal right to the value of his or her labor power, irrespective of racial, sexual, national, or other qualities not connected with the content of one's work. Labor is labor, and in the market-place, your product is as good as mine. As Marx notes, "principle and practice are . . . in conflict,"<sup>17</sup> under capitalism. Thus, in the U.S. (which few would dispute is a bourgeois society), women and oppressed minorities do not receive equal pay for equal work, unorganized workers (e.g., those in small shops or migratory workers) are paid less than those doing similar work who are organized. In certain regions of the country (e.g., the South and the Southwest) workers are lower paid than workers in other regions (e.g., in the Northeast and the Midwest) for doing similar work. There are certain idlers who get millions for doing nothing (and, this, of course, will be the easiest category to "equalize" after a successful revolution). Still, many occupations require long training, e.g., scientific occupations and skilled trades. "Equal right" does not mean leveling, but includes compensation of people for their training and level of developed skill. Nevertheless, there are "skilled" and "intellectual" occupations (e.g., doctors and lawyers, high-paid entertainers and models) whose traditional wages do not reflect the "value" of their labor, but rather special status and privileges *vis a vis* other workers.

Contrary to most of the rhetoric widely accepted today, we would assert the following:

The above differences and inequalities are not bourgeois rights, but bourgeois inequalities. It is wrong to regard bourgeois right as merely the sum of inequalities left over from capitalist society. These bourgeois inequalities will take time for a successful socialist revolution to eliminate. When they are eliminated, a stage will be reached where "bourgeois right" has been established. Those who claim that the lengthy and legitimate struggle against these bourgeois inequalities in a workers' state represents the struggle against bourgeois right are confusing two highly different phenomena. Let us try to clarify certain aspects of the question. The simplest level of bourgeois right is legal rights, often referred to as civil rights.

One of the first tasks of any workers' revolution is to abolish those bourgeois inequalities that are sanctioned by the legal structure. As Lenin emphasized, this task was relatively simple and easy, although it had not been accomplished by even the freest of bourgeois societies. For example, the Bolsheviks immediately granted legal equality for women,

thus becoming the only society in the world where the inequality of women, i.e., the denial of their equal rights, was not enshrined in the law. The same was true for national minorities. Of course, the creating of laws does not institute rights. But even when an attempt is made to comply with the laws, this does not mean that the social basis of inequality has been eliminated. The movements of oppressed minorities and women which generally demanded formal rights in the sixties, have gone beyond these demands in the seventies. They have found that women and minorities cannot in fact stand equal to non-minority men in the occupational structure and in positions of leadership in general if they are not given better and comparable education, and without the eradication of deeply ingrained attitudes and social mores. These tasks, no matter how concerted the effort, are not accomplished overnight. Their accomplishment, however, would take us beyond bourgeois right.

Yet, there even is a significant part of bourgeois right that cannot be implemented simply by legal equality and the enforcement of the law, whatever the economic basis of society, and the intentions of the leadership and citizens. That is one reason why the stage of bourgeois right, equal pay for equal work, has not yet been reached in any "socialist" country. In both the Soviet Union and China, workers doing similar work get different wages. This is particularly true in agriculture, where in both countries the share of members of collective farms and communes in the total social product is based upon the productivity of the unit. A unit that is less productive, even when its members have worked hard, long, and skillfully has less to distribute. Since productivity depends on given natural and technical conditions of production (fertility of land, availability of fertilizer, level of mechanization, etc.) which varies greatly from unit to unit, the income of particular peasants (or collective farmers) is far from merely being a function of their work. These differences of income for the same work reflect the continued existence of bourgeois inequality. Similarly, the higher incomes of the urban, educated elites and their easier access to social and cultural services and facilities reflects not the effects of bourgeois right, but the preservation of bourgeois inequality. Thus, the emphasis of the Chinese prior to the death of Mao Tse Tung on struggling against bourgeois right was misplaced. It was in reality a struggle against bourgeois inequality.

The existence of bourgeois inequality in a workers' state, the inability for various forms of even bourgeois right to be achieved is not necessarily a cause for handwringing and moral condemnation. It is rather a sign of the stage of development and the tasks that must still be accomplished. Thus, the continued existence of **distribution** relations characterized by bourgeois inequality is a sure sign that the level of development of the productive forces and of the relations of production is **not yet** sufficient for socialism. Of course, it is absolutely necessary to distinguish between those forms of bourgeois inequality that exist in the Soviet Union and

other "socialist" countries which are impossible to eradicate at their present stage of development, and those grotesque forms of inequality which make a mockery of socialism. Many of these latter forms (the special privileges of party leaders, for example) are a sign of degeneracy and perversion and are in no way necessitated by the degree of economic development.

Let us briefly describe the stage when bourgeois inequality has been eliminated and the question of getting beyond bourgeois right has come to the fore: Each person is paid according to his work. Paid according to one's work means that one is paid according to the number of hour one works, and the difficulty and intensity of the work. Each person receives a certificate recording the pay earned, which then entitles him or her to a certain amount of consumer goods, whose value is in proportion to the work contributed. Thus, the amount of labor given to society in one form is gotten back in another, minus the necessary deductions for economic development, administration, and social needs such as schools, medical care, pensions, etc.

The establishment of this principle of distribution, which is only possible on the basis of socialist production relations, is a huge advance over previous societies, but it still has its limitations. To quote from Marx:

In spite of this advance, equal right is still stigmatized by a bourgeois limitation. The right of the producers is proportional to the labor they supply; the equality consists in the fact that measure is made with an equal standard, labor.

But one man is superior to another physically or mentally and so supplies more labor in the same time, or can labor for a longer time; and labor to serve as a measure, must be defined by its duration or intensity, otherwise it ceases to be a standard of measurement. This equal right is an unequal right for unequal labor. It recognizes no class differences because everyone is only a worker like everyone else; but it tacitly recognizes unequal individual endowment and thus productive capacity as natural privileges. It is therefore a right of inequality in its content, like every right . . . Further, one worker is married, another not; one has more children than another and so on and so forth. Thus with an equal output, and hence an equal share in the social consumption fund, one will in fact receive more than another, one will be richer than another, and so on. To avoid all these defects, right, instead of being equal, would have to be unequal.

But these defects are inevitable in the first stage of communist society as it is when it has just emerged after prolonged birthpangs from capitalist society. Right can



never be higher than the economic structure of society and the cultural development thereby determined.

*(Emphasis ours.)*

It is only in the higher phase of communist society that these limitations will be overcome:

... after the enslaving subordination of individuals under the division of labor, and, therewith also the antithesis between mental and physical labor, has vanished; after labor from a mere means of life, has itself become the prime necessity of life; after the productive forces have also increased with the all-around development of the individual, and **all the springs of co-operative wealth flow more abundantly**—only then can the narrow horizon of bourgeois right be left behind and society inscribe on its banners: from each according to his ability, to each according to his needs.<sup>18</sup>

We return now to our discussion of bourgeois right as a characteristic of socialist distribution relations. What are the characteristics of the organization of production that make it possible for people to get paid according to their work? Firstly, work in all spheres of the economy must have become similar. This requires a vast degree of economic development in which among other things, the gap between rural backwardness and urban industrial society has been bridged. There is no way that the work in a backward agricultural community can be compared to that of work in a large-scale modern industrial city. This point is so central that it bears repeating. In no rational economic order could a worker in a barely productive, technologically backward sector be compensated at the same level as a worker in a highly productive sector, except by way of exception or in a fantasy world. The conditions necessary for equal pay for equal work are most nearly met in the United States today, but in no "socialist" country, certainly not the Soviet Union or China, have these conditions even been approximated. Hence, in the United States of America, the task of establishing socialism after the overthrow of capitalism could be much more easily accomplished than perhaps in any other major developed society.

Thus, it is our contention that the degree of economic development, the level of education and culture among the general population, the degree of having overcome the rural-urban, mental-manual distinctions must be much higher for a society to be considered in the stage of socialism than most Marxists recognize.

We have developed our view about the level of social development necessary for socialist society from an analysis of the conditions that must be met for the distributive relations characterized by "bourgeois right" to be met. The same conclusions could have been reached through other routes.

An understanding of the conditions necessary for the establishment of

bourgeois right, also allows us to understand more clearly the relation between the radical democracy of the Paris Commune, which both Marx and Lenin saw as a pre-requisite for socialism, and the economic functioning of socialism itself.<sup>19</sup> There have been two extreme poles in the discussion of the relation of democracy to socialism. On the one hand, there are those, often social-democrats or anarchists, who believe that the higher the degree of social development, the higher the degree of democracy. Democracy becomes a supreme moral principle; the various "socialist" countries are viewed as equally, if not more, repugnant than those capitalist countries where formal democracy is institutionalized. Those who hold this moral view of democracy cannot accept Marx's theory of the withering away of the state, especially in so far as it entails the withering away of democracy. At the other extreme there is the position which views democracy as an incidental, albeit desirable, feature of socialism, which the modern world has not allowed the "socialist" countries the luxury of establishing. Those who take this position as defenders of the lack of democracy in the "socialist" countries readily cite Marx and Engels' critique of formal democracy under capitalism, and the statements about the withering away of democracy under communism. What they have trouble explaining is why both Marx and Lenin thought democracy so important after a working class revolution, and up to and including the stage of socialism. Thus, many of us have been subjected to the argument that the Soviet Union (or China, or Cuba, etc.) is really quite democratic. The acceptance of such arguments, of course, requires a long trip through the looking glass:

Alice laughed. "There's no use trying," she said. "One can't believe such impossible things."

"I daresay you haven't had much practice," said the Queen. "When I was your age, I always did it for half-an-hour a day. Why, sometimes I've believed as many as six impossible things before breakfast."

In contrast to the democracy of any present-day society, the democracy necessary for socialism is referred to as complete democracy. Both Marx and Lenin felt this was exemplified by the radical democracy of the Paris Commune of 1871, which included the following characteristics:

1. Universal suffrage with easily recallable elected representatives;
2. The arming of the masses and the abolition of a standing army;
3. Workman's wages for all governmental officials;
4. An elected, recallable judiciary; and
5. The combining of legislative and executive functions in an open, public body.<sup>21</sup>

Marx and Lenin thought that the radical democracy of the Paris Commune would be established quickly after the revolutionary seizure of power by the working class. The Soviets in Russia did, in fact, function in accordance with similar principles for a period of time after the Bolsheviks seized power. The Civil War itself and the dispersion of the

most politically conscious workers through death in the Civil War, the dismantling of large factories, and their absorption into the state apparatus were among the factors that undermined the Soviets.

The question of the relation of democracy to socialism has many aspects, most of which will not be discussed here. It is worth noting that Lenin stressed that workers must be safeguarded against their own officials and deputies. Even in a workers' state, argued Lenin, officials have a tendency to dominate the class that they represent (which, of course, does not change the class character of a government).<sup>22</sup> We merely note this important question here.

What is important in terms of the previous discussion is that complete democracy is a corollary of bourgeois right. It is a necessary precondition for the development of a workable system of accounting and control; it is only with the directing efforts of millions of producers that planning can avoid the pitfalls of bureaucratic irrationality. Finally, it is only after the lengthy functioning of complete democracy that the state can begin to wither away.

## THE DIFFERENCE BETWEEN COMMUNISM AND SOCIALISM:

A possible rejoinder to our description of socialist society, of course, is that we have really just described communist society over again. Thus, it is worth stressing some of the most important differences:

1. Socialism allows remuneration according to work, not according to need (the communist principle). Thus, bourgeois right reigns under socialism, but has been transcended under communism.<sup>23</sup>
2. Money no longer exists under communism.
3. Under socialism, the dictatorship of the proletariat still exists in the form of complete democracy, and also as a compulsive instrument. Under communism, the state withers away.

## II

The concept of a stage of "transition" to socialism does not appeal to the dichotomous view of the world held by many people. For them, things must be either black or white. To see things as more complicated is for them a sign of personal vacillation. Thus, if Soviet society is not socialist or communist, it must be capitalist. Such a theoretical stance, however, would be an unfortunate burden to anyone trying seriously to examine the Soviet Union today.

It is our belief that the starting point for a clear understanding of present Soviet reality, as well as of its development since 1917, is the classical Marxist concept of the "transition to socialism."

First, although the internal characteristics of a society are pivotal in determining whether a particular society is capitalist, socialist, or in the transition period, it is important to go beyond merely looking at the

internal characteristics of a particular country. The internal stages of development can in no way be isolated from the international conjuncture. Just as the development of any particular capitalist country takes place within the world capitalist system, so also is the ability of any revolutionary country to develop towards socialism, largely dependent on the world situation.

As a consequence, the period of transition from capitalist to socialism is a lengthy period comprising a whole epoch of world history. As Lenin notes, this "period of world history" constitutes

a whole era of various kinds of wars, imperialist wars, civil wars inside countries, the intermingling of the two, national wars liberating the nationalities oppressed by the imperialists and by various combinations of imperialist powers that will inevitably enter into various alliances in the epoch of tremendous state-capitalist and military trusts and syndicates . . . . We do not know and cannot know how many stages of transition to socialism there will be.<sup>24</sup>

The transition period begins when the working class overthrows the government, nationalizes the major means of production, thereby sharply curtailing capital accumulation as the driving force for economic and social development.<sup>25</sup> The transition period in its initial phase must face a number of obstacles characteristic of all capitalist societies:

1. There is uneven development both between industry and agriculture, and within each sector. (Even in the United States of America, the disparity between subsistence farms and the agricultural factories of the mid-West, and between low-paying sweatshops and highly productive industrial enterprises is a significant aspect of the economic structure.)

2. Oppression of national minorities and women reigns.

3. An inequalitarian wage structure exists.

4. The distinction between countryside and city is sharp.

5. The need for self-preservation has habituated us to act in extremely selfish, competitive, and anti-social ways.

6. There is a contradiction between the need to correct many social abuses (be they the form of lack of services like health care, schools, mass transportation, or be it poverty, unemployment, and bad housing) and the need to develop and control the productive forces of the economy itself.

7. The hang-over from the old society is virtually all-embracing. There are the old habits from the old society. There are the huge numbers of idlers; there are those whose predatory life-styles, including thieves, gamblers, hustlers, prostitutes, and pimps have been undermined. There are many who believe they were, or were soon to become, privileged beneficiaries, as well as those who really were—all of whom want the old society back. As Lenin remarked,

No, the working class is not separated by a Chinese wall from the old bourgeois society. And when a revolution takes place, it does not happen as in the case of the death of an individual when the deceased is simply removed. When the old society perishes, the corpse cannot be nailed in a coffin and lowered into a grave. It disintegrates in our midst; the corpse rots and infects us all.<sup>26</sup>

Domestically, a new revolutionary government is faced with certain primary tasks. The first of which is the re-organization of the economy and the rapid expansion of the productive forces, designed to lead to a large increase in labor productivity.<sup>27</sup> In any but the most developed of countries, the new revolutionary government, in order to gain control over its economy, must have monopoly control over foreign trade.<sup>28</sup> All spheres of the economy must be modernized and co-ordinated by a central plan. In most capitalist countries (with the particular exceptions of the United States and Canada) special attention must be paid to the modernization of agriculture.<sup>29</sup> Those backward regions of the country must get heavy concentration; in the United States, this would mean, in particular, the Deep South and the Southwest, the historic areas of concentration of Black people and Chicanos in this country respectively. No effort should be spared to struggle for the establishment of equality for women and national minorities. The education system must be geared to raise the cultural level of the whole population and to prepare all citizens to participate in administration, planning, and democratic decision-making in general.<sup>30</sup> Privileges of all sorts should be curtailed, bourgeois inequalities restricted as much as possible.

The importance of the internal policies of a revolutionary government beginning the transition period cannot be emphasized enough. Nevertheless, in large measure the ability of an individual country, particularly if it is not at a high stage of development in comparison to the most advanced capitalist countries, to advance through the transition period smoothly or at all is based on the success of the world revolutionary movement.<sup>31</sup>

Certain of the major problems for a society during the transition period include: 1) its overthrow by foreign capitalist governments. This problem should not be under-estimated in a world where the capitalist countries are far stronger economically than those which have overthrown capitalism. This was a major problem for the Soviet government during its first years of existence. Various post-World War I workers' governments were in fact overthrown by a combination of foreign intervention and domestic reaction; Hungary and Finland are prime examples. Today a revolutionary government, be it in the undeveloped countries or in Western Europe or Japan would undoubtedly face swift intervention, whether overt or covert. Further, one should not dismiss the possibility that the right conjuncture of circumstances might bring

about attempts to overthrow the governments of China or even of the Soviet Union. 2) The failure to be able to accumulate enough funds and surplus products to engage in rapid development of their economies. This is especially the case for a country that does not already have an industrialized economy, and receives little fraternal aid from a more developed revolutionary country. This difficulty has beset every government so far that has overthrown capitalism. The Soviet economy which was able to engage in rapid accumulation without outside aid has not recovered from the distortions to which it was subjected. It also shows few signs today of being able to increase its labor productivity or its technological capacities to anything near that of the developed capitalist countries. 3) An enormous growth in bureaucracy, caused by the complicated task of coordinating the diverse spheres of the economy; this problem is accentuated where insufficient technical experience exists and democratic forms do not function.

### III

The problems of governments entering the period of "transition to socialism" have direct bearing on what happened to the Soviet Union. It is clear that the Soviet Union, the country where capitalism was first overthrown, progressed through the transition period under the strain of almost insurmountable obstacles. These included: 1) It received no support from revolutions in more developed countries. With the decline of the post-World War I revolutionary wave, the Soviet Union, a largely peasant country, was left to develop on its own. 2) Its most conscious, articulate and dedicated segment of the population, the urban factory workers, were largely killed during the Civil War, absorbed into the governmental apparatus where they gradually lost their class connections, or were deproletarianized by the dismantling of industry during the many years of post-World War I fighting. Thus, the social base for proletarian democracy was destroyed before it could take deep root. 3) The devastation of the country through years of World War and Civil War left the problems of starvation and mere economic survival far worse than during much of the pre-war years. Thus, the task facing the Soviet government for many years was not catching up with the West, but restoring the economy to its pre-war level. 4) The efforts of the world's capitalist countries to defeat and isolate the Soviet Union militarily, diplomatically, economically, and through intrigue and subversion, were concerted and large-scale.

We shall discuss certain aspects of the transition period later in greater detail. Since we claim that no society has yet reached the stage of socialism, and, at best, various "socialist" countries are in the period of transition to socialism, one of the key points of our investigation will be to



ascertain whether in fact the transition period has been liquidated in the Soviet Union, and a return to capitalism has taken place.

## FOOTNOTES

- 1 To name but a few: 1) The Soviet Union is in the process of making the transition from socialism to communism; 2) It is a fully developed socialist society, but with revisionist leadership; 3) It is 50/50, both socialist, yet degenerate; 4) It is a degenerate workers' state; 5) It is in the process of degeneration to capitalism; 6) It is state-capitalist; 7) It is fascism, worse than that of Nazi Germany.
- 2 We are far from wanting to engage in "artificial, 'elaborate' scholastic definitions and profitless disquisitions on the meaning of words." (V.I. Lenin, *State and Revolution*, Little Lenin Library edition, International Publishers, New York, 1968, p.81) or to claim that a few quotes from the sacred texts close the case. But, for a Marxist-Leninist, the starting-point must be the classical formulation, which the founders of Marxism have in general taken great pains to rigorously ground. As much as possible, however, we try to limit the use of quotes, and confine them largely to the footnotes.

The discussion in this section is based mainly on Marx's *Critique of the Gotha Program*, his writings on the Paris Commune collected under the heading *The Civil War in France*, Engels' *Anti-Duehrung*, and Lenin's *State and Revolution*. In addition they are based on various remarks by Marx in *Capital* and the *Grundrisse*, and on his concept of capital in general. They are also based on Lenin's writings from 1915 until 1923. We try to cite fully the commonest editions. Thus, in referring to Lenin's writings, we refer to the 4th edition of his collected works (in 45 volumes) when we do not refer to more commonly available pamphlets. In referring to *Capital*, we likewise refer to the English edition by Progress Publishers. In certain cases, however, it has been felt necessary to do our own translations, and, where we do so, we indicate this.

- 3 See *Documents of the 20th Congress of the Communist Party of the Soviet Union*, Moscow, 1956; see also Khrushchev's speech in *Documents of the 22nd Congress of the CPSU*, Moscow, 1961.
- 4 See *Documents and Resolutions, 25th Congress of the CPSU*, Moscow, 1976.
- 5 See Stalin's Report to the 17th Congress in *Problems of Leninism*, F.L.P., Peking, 1976.
- 6 See also Stalin's Report to the 18th Congress in *ibid*.
- 7 See Stalin's *Economics of Socialism*, Moscow, 1953.
- 8 It is under these conditions, when mankind has been liberated from the subservience to economic necessity, which requires him to satisfy the needs of material survival and reproduction, that "the realm of freedom in fact first begins . . . ." (CIII, p. 799, our translation).

- 9 See p. 9 *Critique of the Gotha Program* by Karl Marx (New York: International Publishers, 1966).
- 10 As Lenin notes in one of his statements of the subject: "Communism is the higher productivity of labor—compared with that existing under capitalism—of voluntary, class-conscious and united workers employing advanced techniques." (Vol. 29, p. 427, *A Great Beginning*, July 1919).  
And, "We give the name communism to the system under which people form the habit of performing their social duties without any special apparatus of coercion, and when unpaid work for the public good becomes a general phenomenon." (Vol. 30, p. 284.; "Report on Subbotniks," December 20, 1919).  
"Communist labor in the narrower and stricter sense of the term is labor performed *gratis* for the benefit of society, labor performed not as a definite duty, not according to previously established and legally fixed quotas, but voluntary labor, irrespective of quotas; it is labor without expectation of reward, without reward as a condition, labor performed because it has become a habit to work for the common good, and because of a conscious realization (that has become a habit) of the necessity of working for the common good—labor as the requirement of a healthy organism. (Vol. 30, p. 516, April 8, 1920, "From the Destruction of the Old . . .").
- 11 See, for example, Lenin, Vol. 32, p. 112; Vol. 33, p. 202).
- 12 Marx described this "lower stage" as the society which has emerged after prolonged birthpangs from capitalist society (p. 10, *Critique of the Gotha Program*.)
- 13 It is, of course, possible by taking certain sentences out of context, particularly from *State and Revolution*, to construe Lenin's view to be that socialism is merely state ownership or the major means of production (industry, mines, transportation, land) and banks. State ownership is one of the pre-requisites for socialism; to see it however as the definition of socialism, one would have to be quite selective in one's references. Lenin does, of course, say that socialism is "the mere conversion of the means of production into common property of the whole of society." It is this "conversion" into common property, however, that includes much more than state ownership. Still even by this far too minimal criterion—state ownership—no present "socialist" country could be strictly called "socialist." In the Soviet Union, for example, even leaving aside the question of whether the collective farms are a socialist form of economy, there are the infamous private plots, operated on an individual basis, with the proceeds going solely to those who work them.
- 14 See, for example, Vol. 27, p. 333, " 'Left-Wing' Childishness and the Petit-Bourgeois Mentality," May 5, 1918.
- 15 Nove, Alec, *An Economic History of the USSR*; Penguin Press, London, 1969; p. 70.
- 16 "The Problem of Accounting, the Control of Large Enterprises, the Transformation of the Whole of the State Economic Mechanism Into a Single Huge Machine, Into an Economic Organism that will work in such a way as to enable hundreds of millions of people to be guided by a single plan . . . ." (Vol. 27, p. 89, Seventh Congress Report of the RCP, March 7, 1918).

And, Lenin notes in late 1921, when discussing the New Economic Policy (NEP) that it is "impossible to bypass the period of socialist accounting and control in approaching even the lower stage of communism (Vol. 33, p. 62, "Speech at the 2nd Congress of Political Education Departments"; *emphasis ours.*) On the need for planning, see, e.g., Engels' *Anti-Duehrung*, International Publishers, New York, 1972, p. 309.

17 See p. 9, *Gotha Programme*.

18 *Ibid.* p. 9.

19 See Marx's *Civil War in France* and Lenin's *State and Revolution*.

21 *Ibid.*

22 Lenin, in *State and Revolution*, summarizes Engels as follows: "Engels emphasizes again and again that not only in a monarchy, but also a democratic republic, the state remains a state, i.e., it retains its fundamental characteristic feature of transforming the officials, "the servants of society," its organs, into the masters of society."

23 Lenin addressed himself specifically to this problem in his "Report on Subbotniks Delivered to a Moscow City Conference of the RCP (B)" (December 20, 1919; Vol. 30, p. 284):

"If we were to ask ourselves in what way communism differs from socialism, we should have to say that socialism is the society that grows directly out of capitalism, it is the first form of the new society. Communism is a higher form of society, and can only develop when socialism has become firmly established. Socialism implies work without the aid of the capitalists, socialized labor with strict accounting, control and supervision . . . the measure of labor and remuneration for it must be fixed. It is necessary to fix them because the capitalist society has left behind such survivals and such habits as the fragmentation of labor, no confidence in social economy, and the old habits of the petty proprietor that dominate in all peasant countries. All this is contrary to real communist economy. We give the name of communism to the system under which people form the habit of performing their social duties without any special apparatus of coercion, and when unpaid work for the public good becomes a general phenomenon."

24 Vol. 27, p. 130, "Resolution on War and Peace." It is clear from this description written in early 1918, shortly after the Bolshevik Revolution that Lenin envisioned a lengthy transition to socialism. At one place, Lenin remarks that socialism may not arrive "in our grandchildren's time." (Vol. 30, p. 202, "First Congress of Agricultural Communes").

25 The transition period begins when the proletariat overthrows the bourgeoisie, raises itself to the position of ruling class. This dictatorship is necessary initially, according to Marx and Lenin, to suppress the class enemies and to re-organize the economy.

In this regard, Lenin observes, "But the essence of the proletarian dictatorship is not in force alone, or even mainly in force. Its chief feature is the organization and discipline of the advanced contingent of the working people, of their vanguard; of their sole leader, the proletariat, whose object is to build socialism, abolish the division of society into classes, make all

members of society working people, and remove the basis of exploitation of man by man. This object cannot be established in one stroke. It requires a fairly long period of transition from capitalism to socialism, because the reorganization of production is a difficult matter, because radical change in all spheres of life need time, and because the enormous force of habit of running things in a petit-bourgeois and bourgeois way can only be overcome by a long and stubborn struggle. This is why Marx spoke of an entire period of the dictatorship of the proletariat, the period of transition from capitalism to socialism." (Greetings to the Hungarian Workers," May 27, 1919, Vol. 29, p. 383).

- 26 Vol. 27, p. 434, "Speech at First Congress of Economic Councils"); See also Lenin, Vol. 28, p. 424.
- 27 Lenin, *State and Revolution*, p. 21; see also Lenin, Vol. 29, p. 427, Vol. 32, p. 235; and, Vol. 42, p. 71.
- 28 See, e.g., Vol. 33, p. 456.
- 29 See Vol. 30, p. 109; Vol. 32, p. 314; Vol. 33, p. 467.
- 30 See e.g., Vol. 42, p. 376.
- 31 See e.g., Vol. 32, p. 112; Vol. 33, p. 206.

## Chapter II

# The Chinese and Albanian Theses on the Restoration of Capitalism in the Soviet Union

The first problem one faces in attempting to examine seriously the Chinese and Albanian position on the Soviet Union is that of where to find it. There is no single theoretical work on the restoration of capitalism, no place where the theory is rigorously presented by either the Chinese or Albanians. For the Albanians, there are, however, several outlines of their position presented in their publications.<sup>1</sup> For the Chinese position, there is a theory and a large massing of evidence said to substantiate this theory presented in various signed and unsigned documents, press exposures, and articles published from 1963 to the present.<sup>2</sup>

Our approach, therefore, has been to construct the most coherent presentation out of the various materials, presenting first the Chinese position, then indicating where the Albanian position is different either in emphasis or substance. Immediately, however, we are presented with a second problem: There are, in our opinion, two theories of capitalist restoration in the Chinese and Albanian material (helping explain, at least in part, why various supporters of the CPC position have expounded it in so many different ways.) Although these theories overlap, they are logically distinct. They employ different arguments and different theoretical assumptions. It helps to look at them separately.

Theory Number One purports to base itself on an analysis of the fundamental social and economic forces governing Soviet society; it attempts to show the existence of capitalism in the Soviet Union by an empirical analysis of Soviet society, particularly of the economy. Theory Number Two is a more political theory, which attempts to show the existence of capitalism on the basis of certain non-economic features of Soviet society. Further, each of these theories has proponents who have elaborated the theory and argued it in a much more thorough and sophisticated manner than the Chinese and Albanians themselves. We, therefore, examine the best of these other presentations along with the theories of the Chinese and Albanians. The bulk of this paper will consist in an analysis and refutation of Theory Number One. Theory Number One at least attempts to place itself within a classical Marxist and

materialist framework, and thus from our point of view is the more serious and scientifically based presentation of the thesis of the restoration of capitalism in the Soviet Union. Theory Number Two is theoretically based on a radical revision of Marxism in the direction of idealism, a fact which, unfortunately, is not usually acknowledged by its proponents. Since it is a theory which takes as key, not the social and economic reality of Soviet society, but the political line of the Soviet leadership, and since the political line of the CPSU is anything but revolutionary, it is easy to prove all sorts of bad things about the Soviet Union once one takes political line as decisive. Thus Theory Number Two serves often as a kind of fall back position. When the restorationist theorists are unable to marshall the data they need to support their assertions about the character of the mode of production prevailing in the Soviet Union, they tend to switch gears and go over to the premises of Theory Number Two to prove their point. However, we will take this theory seriously. In the last third of this paper we will analyze Theory Number Two and in particular will polemicize against the views of Charles Bettelheim, its most sophisticated and rigorous proponent.

## THEORY NUMBER ONE

Theory Number One places a strong emphasis on the economic changes in the Soviet Union that have taken place since the death of Stalin in 1953. It sees the period of degeneration as culminating in 1965, when the Kosygin reforms (referred to by some as the Liberman reforms after the economist who publicly argued for them in the years prior to 1965) were instituted. These reforms are said to signal the "all-around" or "full" restoration of a capitalist economy.

Theory Number One starts with certain features that are common to both it and Theory Number Two:

A. First it argues that an objective class base for capitalist restoration exists during the whole period of socialism.

Socialist society covers the important historical period of transition from class to classless society . . . socialist society is only the first phase of communist society . . . it is inevitably stamped with the birthmarks of capitalist society.

(p.4-5, 9th comment.)

Differences still exist between workers and peasants, between town and country, and between manual and mental labor. Bourgeois rights have not yet been completely abolished. The class struggle still exists based upon 1) the overthrown exploiters who still try for a comeback, 2) new capitalist elements generated by the existence of small commodity production, 3) political degenerates and bourgeois elements that emerge from the working class and government functionaries, 4) the external encirclement by international capitalism, the threat of intervention and subversive activities.



Stalin, according to the CPC, did not fully understand this situation.

Stalin departed from Marxist-Leninist dialectics in his understanding of the laws of class struggle in socialist society. He prematurely declared after agriculture was basically collectivized that there were "no longer antagonistic classes" in the Soviet Union and that it was "free of class conflict," one-sidedly stressed the internal homogeneity of socialist society and overlooked its contradictions, failed to rely upon the working class and the masses in the struggle against the forces of capitalism and regarded the possibility of restoration as solely associated with armed attack by international imperialism. This was wrong in both theory and practice. (p. 22, 9th comment)

B. The objective basis for the restoration of capitalism, unrecognized by Stalin, produced anti-socialist elements within the party itself. These elements "representing new and old bourgeois forces" "hid in the party for a long time" (PR #10, March 1976), snuck into leadership, and usurped leadership of the party, taking power by a *coup d'etat*. As stated in *Leninism or Social Imperialism*:

How was it possible for the restoration of capitalism to take place in the Soviet Union, the first socialist state in the world . . . this was mainly the product of the class struggle in the Soviet Union, the result of usurpation of Party and government leadership by a handful of Party persons in power taking the capitalist road there . . . .

C. Once having seized power, these "capitalist roaders" purged the party of Marxist-Leninist cadre, particularly leadership cadre of worker and peasant origin (p. 43, 9th comment, p. 54, 1968 pamphlet; PR #10, March 1976, p. 2, 1978 pamphlet).

So far, the above aspects are common to both Theory Number One and Theory Number Two. What follows now are largely or exclusively characteristic of Theory Number One alone:

D. After having seized power, the revisionist leadership gave free play to various capitalist elements in all spheres of the economy. This was particularly true in agriculture (p. 5, 1968 pamphlet) with the growth of private plots and private livestock and the development of a "new kulak class" in the person of the managers of the collective farms. Mention is also made of the disbanding of the state-owned tractor stations and the selling of agricultural equipment to the collective farms. Further, the revisionists in power gave free play, protection and encouragement to those who are running underground factories and embezzling state funds—the new capitalist class (p. 24, 9th comment,

for example). The revisionist leadership, thus, strengthened actual capitalist forces within the economy.

This policy of fostering and developing capitalism was begun by Khrushchev. Khrushchev raised to a state policy the imitation of methods of capitalist management in the United States . . . the Soviet economy reverted to a capitalist one. The ouster of Khrushchev in 1964 did not change this policy.

Stepping in Khrushchev's shoes, the Soviet revisionist clique led by Brezhnev and Kosygin scrupulously follows the revisionist line of restoring capitalism in the Soviet Union as laid down in the 20th and 22nd Congresses of the CPSU (p. 1, 1968 pamphlet).

E. The critical turning point, or rather the final blow, signalling the full restoration of capitalism came in 1965 as a result of the Kosygin economic reforms:

Resolutions were passed, laws enacted and regulations promulgated at the plenums of the Central Committee of the CPSU and sessions of the Supreme Soviet in the past few years with regard to the "new system" which puts profit above everything else.

The important resolutions were passed at the March and September, 1965 plenums of the Central Committee (CC) of the CPSU.

The resolutions passed by the two plenums serve as the principle basis for the Soviet revisionist ruling clique to promote capitalism in all sectors of industry and agriculture. (p. 2, 1968 pamphlet). The essence of the "new system" being pushed ahead so vigorously by the Soviet revisionist ruling clique under the cloak of economic reform is to practice in an all-round way capitalist management in all fields of the national economy, completely disrupting the socialist relations of production and thoroughly breaking up the socialist economic base. The enforcement of the "new system" has resulted in abolishing the former system of unified economic planning by the state and setting profit above all. It authorizes the enterprises to decide independently on their production and management plans and gives them free reign to seek high profits as in capitalist enterprises. It provides the leaders of the enterprises with more and bigger privileges and endows them with the power to deal freely with matters concerning production, finance and personnel in the enterprises. The "Regulations Governing State-Run Manufacturing Enterprises" enforced in the Soviet Union in 1965 stipulate that the enterprises have the authority to "own, use and dispose of" all property in the

enterprises, to sell "surplus" equipment, means of transport, raw materials, materials and fuel, to let premises, warehouses, equipment and means of transport which are "temporarily not in use," to write off on their own initiative "obsolete" fixed assets, to use "funds at their disposal" for capitalist construction that is "outside the plan" and "materials of their own" for production to fulfill orders they take "outside the plan." The regulations empower the managers to fix or change the wages, grades and bonuses for the workers and staff at will, to recruit or dismiss workers and mete out punishment to them, and to determine themselves the structure and personnel of the enterprises. Thus the enterprises of socialist ownership have been turned into capitalist undertakings owned by a bourgeois privileged stratum, and broad sections of working people in industry into wage slaves who have to sell their labor power (p. 4, 1968 pamphlet).

In summary,

The core of this "new system" is to use every means to encourage the enterprises to seek profit and promote production by material incentives. It means expanding the autonomous power of the management of enterprises, energetically carrying out the practice of adjusting production according to market prices, and expanding the power of the leaders of enterprises in recruiting and discharging employees as well as in meting out rewards and punishment. These measures have changed the socialist enterprises, which are owned by the whole people, into capitalist ones and replaced the planned economy of socialism by the free competition of capitalism (p. 10, 1968 pamphlet).

F. As a result of the reversion of the Soviet economy to capitalism, various contradictions have emerged, endemic to capitalist societies. Economic dislocations are commonplace including raw material shortages and lowered quality of goods (p. 11, 1968). There is mass unemployment (see especially "Disastrous Consequences of Capitalist Restoration in the Soviet Union," PR #8, Feb. 20, 1976) and mass migrations of workers looking for work (p. 14, 1968 pamphlet), and even "ruthless exploitation of apprentices and child labor."

G. There is increasing social stratification, especially a worsening of conditions of the working class. The CPC asserts that "The income gap between leaders of the enterprises, engineering and technical personnel, and high-ranking staff members on the one hand, and workers on the other, becomes wider and wider" (PR #16, 1968). Many articles describe the opulent and luxurious life of the new elite (e.g., PR #40,

Oct. 18, 1974, "Dire Consequences of Soviet Revisionists' All-Round Capitalist Restoration"). Other articles cite the worsening conditions of the working class, the fall in real wages, and the worsening conditions on the job (p. 29, 1968 pamphlet), even quoting workers who describe conditions as the worst since the October Revolution.

H. The emergence of capitalism, with its oppression and exploitation of the working class brings forth resistance and class struggle. "The contradiction between the Soviet people and this privileged stratum is now the principal contradiction inside the Soviet Union, and it is an irreconcilable and antagonistic class contradiction." The high level of resistance is cited in many articles (see particularly, "Soviet Revisionists' Fascist Dictatorship," PR #4, 1974).

I. The narrow social base of the regime requires fascist-type repression (*ibid.*) "resorting more and more openly to counter-revolutionary violence to buttress its reactionary rule which betrays Lenin and the October Revolution. In the Soviet Union of today, special agents and spies run amuck and reactionary laws and decrees multiply. Revolution is a crime, people are everywhere jailed on false charges . . . ." There are concentration camps (see especially, "Soviet Concentration Camps," PR #10, March 1976; see also pp. 3-6, 1968 pamphlet) and mental hospitals for dissidents. National oppression and resistance to it are commonplace.

Such is Theory Number One.

## THE ALBANIAN POSITION

The Albanian position on the restoration of capitalism in the Soviet Union is in general the same as Theory Number One given above. They are somewhat more concerned than the Chinese with justifying the position in classical Marxist-Leninist terms; unlike the Chinese they are not content to substantiate a theoretical point by a reference to a quote of Mao Tse-Tung. They seem to take more seriously certain problems which attend the theory of restoration of capitalism in the Soviet Union, and in particular the problem of the degeneration of the CPSU. They rest their case to a greater degree than the Chinese on certain broad and sweeping assertions about fundamental transformations in the character of the Soviet Union over the past 25 years, e.g. the domination of market forces in production and distribution of the means of production in the Soviet Union, the deproletarianization of the CPSU, etc. The Chinese rely more on exposures and examples of degeneration and failure. Our analysis and critique of Theory Number One in Chapters III and IV deals directly with the Albanian assertions and claims, as well as the similar claims of other restorationists.

## FOOTNOTES

- 1 The major sources for the position of the Albanian Party of Labor are as follows: Scattered articles over the last seven or eight years appearing in *Albania Today*, some of the more significant of which have been collected in *Soviet Social Imperialism*, LPR, 1976. There is also the collection of translations published in Tirana in 1972, *The PLA in Battle with Modern Revisionism*. The Albanian views are summed up well in the article, "The Soviet Economy—A Completely and Definitely Capitalist Economy," *Albania Today*, No. 4, 1975.
- 2 The major sources for the Chinese position are as follows: Mao Tse-Tung, "The Identity of Interests Between the Soviet Union and All Mankind," Sept. 28, 1939, Vol. II, Selected Works; "Is Yugoslavia a Socialist Country?" Third Comment on the Open Letter of the Central Committee of the CPSU, by the Central Committee of the CPC, Peking, Sept. 26, 1963 (This is the first statement of how a socialist country might turn into a capitalist one, pre-shadowing many of the arguments later given about the Soviet Union); "On Khrushchev's Phoney Communism and Its Historical Lessons for the World," Ninth Comment on the Open Letter of the CC of the CPSU by the CC of the CPC, July 14, 1964 (An analysis of the degeneration of Soviet society purportedly written by Mao himself); *How the Soviet Revisionists Carry Out All-Round Restoration of Capitalism in the USSR*, Peking, 1968 (This is a collection of articles from the Chinese press of late 1967; it contains the first publicly printed materials asserting and documenting the new thesis; it also contains the fullest argument for Theory Number One); *Leninism or Social-Imperialism*, an official pamphlet on the restoration of capitalism in the Soviet Union, put out April 22, 1970, on the centenary of Lenin's birth; *Ugly Features of Soviet Social-Imperialism*, Peking, 1976, containing articles from the Chinese press of 1974 and 1975; various articles from 1972-1978, published in *Peking Review* (PR), many of which are contained in two reprint collections from Yen'an Books, *Social Imperialism* and *Social Imperialism: The Soviet Union Today*.

The most recent full statements (aside from various articles in *Peking Review* and other publications) is the pamphlet *The Soviet Union Under the New Tsars*, by Wei Chi (Peking, 1978). This pamphlet has no essential differences from the previous statements. In the text of this paper, all the above materials will be referred to in abbreviated form.

### Chapter III

## How Theory Number One Falsifies Soviet Reality

The economic theory of capitalist restoration expressed in variant number one is most sharply stated in the 1968 pamphlet. Its arguments and implications, however, appear in Chinese publications up to the present day (including the 1978 pamphlet).

Let us note first, in light of our previous discussion, that the Chinese critique of Stalin is not based on Lenin's understanding of the transition to socialism. Stalin correctly understood that classes and class struggle did **not** exist under socialism; in so far as he took this position, he was basing himself on orthodox Leninism. Where he was incorrect was in his unwarranted assertion that Soviet society had already reached this stage, after the collectivization of agriculture had taken place. This led the leadership of the Soviet party under Stalin to fail to understand the material basis for the class struggle in Soviet society. They were, thus, forced to conclude that resistance and opposition were not a product of the contradictions of Soviet society, but the result of spies, saboteurs, and agents of foreign imperialist powers, the only remaining objective base (which their theory allowed) holding back the development towards communism. In one sense, the Chinese view of classes and class struggle under socialism is an improvement over Stalin's position because it admits a material basis for "non-antagonistic" as well as "antagonistic" contradictions under "socialism." Yet, the main error of the Chinese view is that in claiming that "socialism" in Lenin's sense has been established, they belittle the economic tasks necessary to build a socialist society.<sup>1</sup> As we have seen above, the main problems in the transition from socialism to communism shifts from the economic sphere to the ideological (or subjective) sphere. By saying that one is in the latter stage, rather than the former stage, the wrong tasks get emphasized. We shall now examine the specific arguments about the Soviet Union given in Theory Number One. Briefly, Theory Number One claims:

1. There exists a capitalist class in the Soviet Union which has control of the party, the state, and the economy.
2. That this class has seized state power in a relatively bloodless *coup*

*d'état* and purged the party of revolutionary elements, also changing its class composition.

3. Capitalism first developed and fully flowered in agriculture.

4. Privileges were increased, embezzlement condoned and encouraged.

5. Capitalist methods of management were introduced.

6. The turning point came in 1965 with the introduction of the economic reforms. These reforms fully restored capitalism.

a. They abolished the plan.

b. They gave the enterprises autonomy to seek profits and build their own capital stock and retain their own profits, largely in the form of bonuses and incentives for the management.

c. They allowed enterprise management to dispose of their means of production on the market and to invest and sell outside the plan.

d. Labor-power became a full-fledged commodity since management regained the right to fix and lower wages, and to dismiss and discipline workers.

e. The reforms established full private ownership of the means of production and the free competition of capitalism.

7. As a consequence, the classic contradictions of capitalism have begun to re-assert themselves:

a. The economic cycle has reappeared.

b. Raw material shortages and lower quality goods have appeared.

c. There is large-scale unemployment.

d. The working conditions of the working class have dramatically worsened as has their standard of living.

8. The privileges of the elite have grown immensely.

9. There is increased resistance from the working class.

10. In order to keep the lid on the class contradictions, there is fascist-like repression.

Let us note one thing in passing. Certain of the arguments of the restorationists are based on weaknesses and failures in economic performance. These, in our opinion, are beside the point. Even the most perfect transitional society is not immune from crop failure, disasters, simple or even gross errors of calculation, judgement and management. We have, thus, not concentrated our attention on arguments of this type.

The claims made by the restorationists are in part theoretical in character.<sup>2</sup> They cannot be refuted merely by presenting statistics and empirical data. Specifically the restorationists have claimed that socialist agriculture has been dismantled, that the domination of the economy by the central plan has been liquidated, that the means of production, and also labor-power, have once again been reduced to the status of commodities in a capitalist market. These assertions can only be dealt with on a theoretical level. The restorationists support these assertions by reference to certain phenomena, data, statistics. We will

initially examine the phenomena they cite as evidence to see whether it really leads to their conclusions. We will see that it does not. This in itself does not prove that their assertions are false, simply that they are not confirmed by the facts as presented. We will then try to go on to argue directly against their assertions by demonstrating that the phenomena can only be explained by rejecting the claims of the restorationists. In examining the phenomena we will not, of course, attempt to give a full description of Soviet economic life. This would itself take a whole book. We are only interested in examining certain key areas of Soviet economic life where the restorationists have made claims: we will first look at the recent history of Soviet agriculture, the question of a capitalist economic cycle in the Soviet Union, the question of the rise or decline of material privileges and inequality, and finally the changes in the composition of the CPSU. We could just as easily and with the same conclusions have looked at other spheres of Soviet economic or social life—the question of unemployment, the persecution of national minorities, the oppression of women, the export of capital. In all these spheres, the claims of the restorationists are simply unsupportable.

## SOVIET AGRICULTURE

All the restorationist literature describes agriculture as the sphere of social production where the socialized economy was first undermined. This literature, however, without exception, treats Soviet agriculture in a superficial and ahistorical manner; it simply asserts that Khrushchev and his successors dismantled collective agriculture and re-established capitalist relations of production in the countryside. As evidence they point to the chronic weaknesses and failures of Soviet agriculture over the past 20 years. Certainly these weaknesses are there, but this line of argumentation is inadequate. In the first place, most of the weaknesses pointed to did not arise after 1953, but have plagued Soviet agriculture since collectivization in the early thirties. Even if some of the features developed after 1953—which we repeat they did not—it would still be necessary to trace concretely and specifically the transformations of Soviet agriculture, the totality of which would constitute the process of capitalist restoration in the countryside. The only restorationist work which attempts to do this is *Red Papers 7*, whose argument, as we will see, is based on assertions of dubious accuracy.

The struggle for collectivization in the Soviet Union stretched from 1928 to 1934. It was violent and bloody, reaching civil war proportions at times in the countryside, and ultimately it claimed millions of victims. Stalin was later to describe this period to Churchill as the most terrible time in Soviet history. The initial effect on rural life in the Soviet Union was devastating. The years 1932-1934 were years of famine in the countryside where millions more perished. According to the figures given by Stalin in his report to the 1934 Seventeenth Party Congress,<sup>3</sup>



half of the livestock perished. Although the situation improved gradually until 1940, the onset of the war and the occupation of large areas by Nazi Germany again devastated the Soviet countryside. The post-war reconstruction was slow and painful, reaching pre-war levels about 1949, and remaining at about the same level for the next three years. Per capita grain production in 1953 lagged behind the 1909-1913 levels, and the same was true of other food crops.

Average income of the peasantry prior to 1953 remained exceedingly low. Average collective farm wages in 1953 were less than one-fifth that of industrial wages. Of course, the peasants had incomes from private plots which in 1953 were two-and-a-half times that of their income from collective farm wages, but they lacked many of the benefits, such as pensions or guaranteed wages, of the industrial workers. Overall, their incomes were less than half that of the industrial workers; the social services available to them such as education, health care, etc. were much inferior. The overall material standard of living of the peasantry in 1953 was not demonstrably higher than in 1913 or 1928.<sup>4</sup>

The organization of collective agriculture which had reached a crystallized form by 1934 and was written into the Soviet constitution of 1936 involved two forms—the state farm and the collective farm. The state farms were the more advanced units where industrial principles dominated, the peasants working for fixed wages. The collective farms, which have been the dominant form of agricultural production are cooperatives in which the peasant members own, at least in theory, the produce and the equipment, but not the land, and draw wages as a share of the actual income of the collective. The collective farms were given certain quotas of produce which they were to deliver to the state at prices determined by the state. Anything beyond the quotas could be sold to the state at higher prices or in the free market. Peasant households were provided with private plots, and they were allowed ownership of a certain amount of livestock and tools. The private hiring of labor was and is forbidden. The produce of the private plots was either consumed directly by the peasants or could be sold in the free market. These principles have remained unchanged since 1934, although the size of the private plots and the amount of privately held livestock permitted has varied back and forth displaying no consistent trend.<sup>5</sup>

It is not necessary for our purposes to discuss in detail all the organizational reforms and changes of Khrushchev and his successors. From 1953-1967 the total income of the agricultural population more than doubled, even though the number of farm workers declined by 10%. Most of this increase was due to a rapid rise in the socialized sector as wages essentially tripled, while private plot income rose by one one-quarter. Thus the percentage of the income of the peasant due to his private plot declined drastically. Although the rate of growth of agricultural production has been erratic from year to year depending

greatly on weather conditions among other factors, overall production has more than doubled between 1953 and 1973, as compared with a basically zero growth between 1931 and 1953.

Conditions of life in the countryside have improved dramatically since 1953, as is agreed upon by all students of Soviet rural life. In the mid-60's, benefits of industrial workers such as pensions and guaranteed wages were extended to collective farm peasants. Health care has improved, and the average length of education has increased substantially. Of course, contrary to Soviet claims, the gap between town and country is far from having been removed, and productivity of agricultural labor remains far below the most advanced capitalist standards, despite a large flow of capital investment in agriculture over the previous 25 years.<sup>6</sup>

About one-quarter of Soviet agricultural production still comes from the private plots. These specialize in potatoes, contributing about 65% of total output, other vegetables about 40% of total, meat and milk 35% of total, and eggs 50% of total output. (See Diamond and Krueger, *op. cit.*, p. 325.) The dependency on private plots was even greater in the pre-war period. "In 1937, when conditions in the socialized sector were very good indeed, privately operated plots provided 52.1% of the total output of potatoes and vegetables, and 56.6% of that of fruit. For animal products the corresponding percentages were: milk, 71.4%; meat, 70.9%; hides, 70.4%, wool, 43%." (Karcz, p. 54, *op. cit.*)

According to Karcz ("Khrushchev's Agricultural Policies," reprinted in *The Soviet Economy*, editors Borstein and Fusfeld), in 1958 "The private sector produced the following percentage shares of the important farm products: potatoes, 66; vegetables, 45; meat, 52; milk, 53; eggs, 85; and wool, 22." Thus between 1937 and the present day there appears to have been a gradual but consistent decline in the significance of the private plots.

Almost all of the restorationist literature contents itself with broad and unsubstantiated condemnations of the degeneration of socialist agriculture in the Soviet Union. (See *How the Soviet Revisionists Carry on All-Round Restoration of Capitalism in the USSR*, PLP, 1968, Peking, p. 17, for example.) However, in 1953 almost three-quarters of the peasants' income came from tilling private plots, in conditions of backwardness and poverty. To identify that wretched situation with socialist agriculture, and the subsequent advances with capitalism is most peculiar coming from those who claim to uphold socialism. Most of this literature manages to evade this problem by discreetly avoiding serious historical comparisons. *Red Papers* 7, with more valor than discretion, attempts to give a historical analysis of this supposed transformation of Soviet agriculture, and in doing so exposes the shoddiness and incoherence of the whole argument. (See footnote 9.)

As we have emphasized, the most significant changes in Soviet

agriculture over the past 25 years have been the rising standard of living of the peasantry, and the large capital investment in Soviet agriculture. The various industrial reorganizations in theory affected the state farms which are state industrial enterprises, but had little effect on their actual operation.

The most important structural change in the position of the collective farms was the measure of 1966 assuring the collective farm peasants of guaranteed wages and other benefits already received by industrial workers. These measures narrowed the differences between state and collective farms. The percentage of the working period spent by the peasant on his private plot has substantially decreased as has the income differential between those on state and collective farms. K. E. Wadekin ("Income Distribution in Soviet Agriculture," *Soviet Studies*, 1975), makes the following points:

To sum up: average payment for able-bodied and fully employed persons had become nearly equal by 1970-72, in comparable kolkozy and state farms; since then the differences may have increased again, though not decisively. (p. 11)

And again,

All the same evidence is sufficient to make the main point: occupational income differentials cause less than half the income dispersion in Soviet agriculture.

And finally,

If a Lorenz curve of income distribution in Soviet agriculture could be drawn—it might be feasible as an approximation when the 1970 census volume for occupational groups is available—it would imply that the share of the mass of rank and file agricultural workers, although substantial in total, is relatively low today, although it is now considerably higher than 15 years ago. (p. 26, *our emphasis*)<sup>7</sup>

The restorationists make no attempt to explain how these developments are compatible with the restoration of capitalism in agriculture. Does capitalism mean the equalization and all-round rise of incomes, the extension of social benefits, the contraction of the significance of private plots, the increase of mechanization and fertilizer? *Red Papers 7* is silent on this, but rather points to two changes in the organization of agriculture in the countryside as a basis of restoration of capitalism and the creation of a "new kulak class."

The first change was the abolition of the motorized tractor stations (MTS) by Khrushchev in 1957. The MTS were agencies of the Ministry of Agriculture in the countryside which owned and serviced large-scale agricultural equipment, renting it out to collective farms. The MTS provided a rational way of insuring utilization of equipment when the various collective farms were too small and too poor to utilize such

equipment on a permanent basis. They also provided a source of income for the state, since the rental was adjusted to exceed the maintenance cost. Most important, the MTS were important political centers of party presence in the countryside, when the majority of collective farms were too politically backward to sustain a party cell or branch. The abolition of the MTS coincided with an amalgamation and strengthening of the collective farms, and the machinery was in fact sold off to the farms. Further, this development was accompanied by a strengthening of the party in the countryside, so that by the mid-60's virtually every collective farm had a functioning party cell. In any case, it is hard to argue that socialist relationships in the countryside depended on the domination of the MTS. Such institutions seem to play a negligible role in China where the bulk of the machinery is owned, as in the Soviet Union, by the collective farms themselves.<sup>8</sup> The other major change in agricultural practice which the *Red Papers 7* sees as key to the establishment of capitalism in the countryside is the introduction on some collective farms of the link or *zveno* system. In the *zveno* system, small work teams are given the responsibility of cultivating and harvesting certain fields, or carrying out other production tasks; their income is related to the amount they produce. This system is contrasted to the still standard brigade system where work teams are shifted from field to field within the farm, one team harvesting what another plants, etc. The idea of work teams with full responsibility for production, and paid according to results remains experimental and somewhat controversial in the Soviet Union (see Nove, *The Soviet Economic System*, pp. 140-142). Unfortunately for the argument of *Red Papers 7*, the emergence of the *zveno* is not a post-1953 development but goes back to the 1930's and had even been affirmed at the 18th Congress of the CPSU in 1939 as the basic system of labor organization in agriculture. In 1950, there was criticism that the *zveno* system was overused. Andreyev, the senior party official in charge of agriculture was replaced by Khrushchev who had been pushing the brigade system during his period as party chief in the Ukraine. Although ideologically out of favor during Khrushchev's leadership, the *zveno* system continued to be utilized in crops other than grain. After Khrushchev's fall, proposals were made to institute a strengthened *zveno* system, but it remains controversial and has not been widely adopted.<sup>9</sup>

**In summary:** Agriculture is a weak point of the Soviet economy, backward, inefficient, and with a sizeable private sector. The restorationists have attempted to utilize this fact as a key link in their argument, but this argument has only a surface plausibility. Once one compares the present situation to the pre-1953 situation, as one must do to make a case for restoration, the whole argument falls apart.

## PRODUCTION CYCLES IN THE SOVIET UNION

Since the early 19th century, capitalist production has consistently

followed a cyclical pattern of development. There has been a continuous alternation between periods of rapidly increasing production and periods of decline and stagnation. Engels already observed in *Socialism: Utopian and Scientific* that these cycles last about ten years; at their troughs they are marked by a general crisis of overproduction, accompanied by a dramatic decline in industrial employment and production. Marx investigated the material basis for these crises, inherent in capitalism itself, in various sections in *Capital*. Thus, he concludes on p. 186, CII:

The cycle of interconnected turnovers embracing a number of years, in which capital is held fast by its fixed constituent parts furnishes a material basis for the periodic crises. During this cycle, business undergoes successive periods of depression, medium activity, precipitancy, crisis. True, periods in which capital is invested differ greatly and far from coincide in time. But a crisis always forms the turning point of large new investments. Therefore, from the point of view of society as a whole, more or less, a new material basis for the next turnover cycle.

Although it has been claimed that contemporary capitalism, utilizing various Keynesian techniques, has succeeded in moderating the capitalist cycle in the post-war period, the cycle has by no means disappeared. The recession in the U.S.A. in 1948 saw industrial production drop 7%. Its effect was felt in Britain and France in the early 50's where production stagnated. Germany and Japan were only slightly affected as their economies were still thriving on post-war reconstruction. In 1957-58 a general recession struck the advanced capitalist world. U.S. production again fell around 7%. British production declined slightly, Japan's production stagnated while Germany and France grew slightly but at radically reduced rates. In 1969-70 another crisis struck the U.S.; industrial production declined about 7% between July '69 and November '70. The other developed capitalist nations were less affected, although in each of them there was either stagnation, or a dramatic drop in rate of growth (with the exception of France). Finally in 1974 the most severe economic crisis since the 30's hit all the advanced capitalist countries. The decline of industrial production was as follows: Japan (22.8%), Italy (19.3%), France (16.3%), U.S. (13.8%), Germany (12.3%), Britain (11.2%). Of course between these crises and depressions there have been periods of boom when the growth has been dramatic, and in the case of Japan, sensational. The point is that the pattern of development has been one of periods of sharp expansion, alternating with periods of sharp contraction; in other words, a definite cyclical pattern.<sup>10</sup>

Has the Soviet Union exhibited a similar cyclical pattern of industrial

development in the past period? While there has been a consistent gradual decrease in the rate of industrial growth between 1950 and 1975 there have been no sharp zig-zags. In fact there has been no year when the rate of growth was less than 5% (See fig. 1). Similarly, in contrast to the advanced capitalist countries, Soviet industrial employment has increased substantially every year. (See fig. 3) This data indicates that no analogue of the capitalist business cycle has as yet appeared in the Soviet Union. Thus on this point also the restorationist argument collapses.

## MATERIAL WELFARE AND INEQUALITY IN THE SOVIET UNION

Almost all the restorationist literature has asserted that a dramatic growth has occurred in material inequality in the USSR over the last 25 years, and has implied that the living standards of the working masses have stagnated if not declined. *Red Papers* 7 has asserted that "living standards actually declined." (p. 29) More typical, and more discrete, is the comment found in the Albanian article, "The Soviet Economy—A Completely and Definitely Capitalist Economy," (*Albania Today*, No. 4, 1975).

The fabulous enrichment of the new bourgeoisie, the impoverishment of the working masses, continuous economic failures, unemployment and crises, manifested in hidden forms . . . .

There are two questions here, the rise or fall of the level of material consumption of the working masses, and the changes in the degree of inequality of material consumption between the working masses and the elite strata. In an expanding capitalist economy it is possible for the standard of living of the working masses to increase along with the sharpening of inequality.

The first question is settled by the data presented in and analyzed in "Soviet Consumption and Income Policies in Perspective," by G. E. Schroeder and B.S. Severin, in *Soviet Economy in a New Perspective*, JEEC, 1976. We can do no better than quote relevant passages from that article.

"During the period 1951-75—the Fifth through the Ninth five-year plans—per capita consumption of all goods and services increased about 2.6 times, an average annual rate of 4 percent." (p. 621-622)

"Although it is the slowest growing category, per capita food consumption has more than doubled in real terms during the past quarter century. Year to year gains have varied widely, depending on the size of the harvest. In addition to quantitative gains, the quality of diet has improved markedly in a direction typical of developing countries—more meat,

milk, and vegetables and less bread and potatoes. As shown by the data in Table 2, the average person ate over twice as much meat in 1975 as he did in 1950, when consumption of meat was even below what it was in 1913. Per capita consumption of fish and vegetable oil also doubled, while that of eggs, sugar and fruit more than tripled . . . ." (p. 623)

"Per capita consumption of soft goods expanded about fourfold during the past 25 years. Gains were nearly twice as great during the 50's as during subsequent years. This group includes clothing, shoes, haberdashery, fabrics and a wide variety of other soft goods, ranging from soap to publications. Factory-made clothing has been rapidly displacing home-sewn garments, resulting in a slow growth in consumption of fabrics and rapid growth in outlays on ready-made garments. The average person now buys three pairs of shoes per year compared with one pair in 1950, and the USSR has now met the "rational norm" established for consumption of this item. The quality, style, and variety of soft goods have also improved markedly, even though they still appear shoddy and drab by Western standards . . . ." (p. 624)

"In 1950 a consumer durable goods industry was almost non-existent in the USSR, and the sales of durables and miscellaneous common household items represented only about 5% of total retail sales of non-food goods. A quarter century later the USSR had developed sizeable capacities to produce ordinary durables such as sewing machines, washing machines, refrigerators, furniture, radios, and TV's and had established belatedly a moderate-sized passenger car industry. Sales of such durables in 1975 comprised about one-fifth of total sales of non-food goods. Overall, per capita consumption of durables and miscellaneous goods increased twelvefold during 1951-75, an average annual growth of 10.4%. Although most Soviet consumer durables are of poor quality and obsolete design by modern standards, ordinary durables, nonetheless, are becoming a feature of most Soviet households." (p. 624)

"Per capita consumption of services tripled during 1951-75 and in contrast to all other major categories grew more rapidly in the 1960's and 1970's than in the 1950's. This group consists of housing, utilities, personal transportation and communication, repair and personal care, and a variety of recreational and cultural services paid for by the population. Personal transport and communication services grew most rapidly over the period, expanding over fivefold. In contrast, the total housing stock rose by only 75% reflecting

an increase in per capita living space in urban areas from 4.7 square meters in 1950 to 8.1 square meters in 1975 and somewhat larger gains in rural areas. The majority of urban families now have their own apartments, a great gain over earlier years, when most urban families shared kitchen and bath facilities with several neighbors. All housing now has electricity and the use of gas is growing rapidly. Despite these visible gains, Soviet housing remains crowded, drab and monotonous and represents an area of great consumer frustration and relative neglect . . . (p. 625)

Government outlays on education and health services more than tripled over the past quarter century representing a growth in real per capita expenditure of 3.4% annually. Such expenditure now accounts for about 7% of gross national product, a large share from a country at the Soviet level of development. The two sectors have expanded at similar rates and both have experienced reduced growth rates since 1965, a result consistent with slowing population growth. In education, this substantial effort has resulted in an increase in the median number of years of schooling of persons aged 16 years and older from 5.0 years in 1950 to an estimated 7.7 years in 1975. The goal of a universal ten-year (high school) education is close to being realized. The large scale investment in higher education is evidenced by the fact that 84 out of every 1,000 persons working in 1975 had completed college, and an additional 667 had some college or secondary specialized education; in 1959 the corresponding figures were 33 and 400 . . . . (p. 626)

. . . Per capita reported money incomes quadrupled during 1950-75, rising somewhat more rapidly than per capita retail trade and household services (3.7 times). Incomes grew more rapidly during the 1960's (6.4% annually) than during the 1950's (5.2% annually). A cutback in growth to 4.9% annually was registered in 1971-75. (p. 627)

The rise in money incomes has been spread quite unevenly among the major groups of the population. Non-agricultural workers experienced a growth in average annual money earnings of 3.1% annually. Average wages increased nearly twice as fast during the 1960's as during the 1950's. In the latter period the growth in earnings reflected mainly rising productivity and a higher level of skill and education of the labor force. Also in this period the work week was reduced by one-sixth, a major wage reform was carried out in the industrial sector, and the minimum wage was raised



substantially. In the 1960's the minimum wage was again raised—from 20-30 rubles a month to 40 rubles and then to 60 rubles per month. The wage reform along with large increases in wage levels was extended to the long neglected service sectors. During the latter half of the decade, average wages were raised significantly as a result of the increased bonuses paid from the profit-based incentive funds established by the general economic reform launched by Kosygin in late 1965. (p. 628)

We have gone into perhaps excessive detail on the question of the rising material standards of the Soviet masses because this is a basic phenomena which must be clearly understood and explained in any serious analysis of the development of the Soviet economy. These facts are not difficult to come by. Any serious, competent investigator easily uncovers them. The question arises then—why have the restorationists uniformly ignored or distorted them? In themselves they do not disprove the restorationist thesis. Capitalism can generate, in the short run under specific circumstances, a rising material standard of living for the masses. What is at issue is a question of method. The restorationists abandon scientific materialism for a subjectivist approach which inevitably leads to the mystification and falsification of social reality.

The restorationists feel it is necessary to project a nightmare vision of the Soviet masses sweltering in misery and squalor so as to justify their passionate condemnation. All the old anti-communist accusations of political persecution and terrorism, tyrannical labor discipline, forced labor camps—the standard bourgeois condemnations of the Stalin period are refurbished with enthusiasm by the restorationists and applied to the present situation where they have much less basis in fact. Politically, of course, this plays into the hands of the bourgeoisie, since whatever the restorationists pretend, it is easy enough for the ruling class ideologues to show that these practices were much more extensive in the previous period than at present and thus to picture them as inevitable features of a socialist society.

The question of a rise or decline in privileges and inequality does bear more directly on the question of the restoration of capitalism than does the question of the rise in the absolute living standards of the masses. Capitalism produces enormous inequalities which must be eliminated prior to the attainment of communism. Thus a principal task of a society in transition is the elimination of the material inequalities inherited from capitalism.

While it is rather simple to define what is meant by a rising or lowering of the standard of living over time, the question of privileges or inequalities is much more difficult to make precise. One reason for this is methodological, or technical. To talk about the rise or decline of the standard of living over time, one basically compares the consumption of

an individual or family with itself at different periods of time.

To talk about rise or decline of privileges or inequalities in precise numerical terms, one has to assign numerical values to certain privileges in a somewhat arbitrary manner. How much is it worth to have a larger, more spacious apartment, access to a government car, or a summer dacha. How does one compare these privileges to that of getting one's children into the university? In the Soviet Union, top party and government officials have access to special shops and stores handling goods not available to the general public.<sup>11</sup> How much is this worth?

In the Soviet Union there is a further difficulty comparing the material well-being of different strata. The income statistics deal basically with wages and collective farm incomes. However, in the Soviet Union there is substantial income being earned through semi-legal and illegal "private" enterprise, from tradesmen doing private repair or service work on their off-hours, to pilferage of state property, to bribery and corruption, to large-scale grey and black marketing of agricultural produce, to extensive smuggling operations of western goods, etc. The extent of these enterprises does not appear in official statistics and can only be guessed at, but it is undoubtedly significant.

The above considerations mean that any attempt to discern the trend in inequality must be tentative and hedged with reservations. The most careful scientific attempt to calculate income differential in the Soviet Union is to be found in Peter Wiles' *Distribution of Income East and West*. What he does is calculate the ratio of the average earnings of the top 10% of Soviet workers and employees (collective farmers excluded) to the average earnings of the bottom 10%. The figures are given in Figure 8 below. On this basis he concludes "the statistical record since Stalin is a very good one indeed. I doubt if any country can show a more rapid and sweeping progress towards equality." Wiles is hardly a pro-Soviet apologist. In fact the whole point of his study is to show that the Soviet Union is no more equal than Great Britain—although by his calculation both are substantially more egalitarian in income distribution than the U.S. One can argue that his method is skewed against the Soviet Union since he neglects collective communal consumption, but this would not significantly affect changes in the inequalities in the USSR over time.

Although for the reasons mentioned above, one should take Wiles' conclusions with some reservations, the evidence points to a decline in the inequality in income distribution in the Soviet Union over the past 25 years.

In dealing with Soviet income, Wiles writes, (p. 25) "In all these tables, we have no exact definition of income applicable to all sources, but it appears to include the produce of private allotments, miscellaneous earnings, social services other than education and medicine, and deposit interest; but to exclude owner occupied rents." As we have remarked, the

large differences in inequality that Wiles appears to detect in western capitalist countries with similar social structures, Sweden and Denmark, the U.S. and Canada, cast doubt on the adequacy of Wiles' index as a measure of comparison between different countries, but as a measure of the trend within a given country it is less open to such objections.

Wiles' index is particularly appropriate for our purposes since it compares the incomes of the bottom 10% of the Soviet working class, the lowest strata of the industrial and service workers, with the income of the upper level technicians and engineers, managers of significant enterprises, and middle and senior level party and government officials who constitute the upper 10%. This is a more significant comparison than focusing, as the restorationists often do, on a handful of extremely highly paid movie stars, writers, famous inventors and scientists, or a handful of successful speculators and crooks who have managed to accumulate fortunes. It is also more significant than the usual Soviet comparison of the average industrial worker's wage with the average wage of highly trained and managerial personnel. Those averages, although quite close, can conceal a great deal of inequality. According to Wiles the ratio of incomes between the highest and lowest groups ranges between 3 and 3.5 to 1 and has been declining consistently since the end of World War II. These figures do not include illegal income and various privileges such as expense accounts and use of state-owned property. As absolute wealth of the society increases, and as there seems to be increasing state tolerance for illegal and semi-legal forms of economic activity (see Katz, *op. cit.*), one can speculate that the unrecorded income of the top 10% is increasing faster than their official income, and hence Wiles' figures and the trends that he observes, thus, have to be qualified. However, the claim that this illegal activity is on such a scale to actually reverse the trend towards greater equality hardly seems likely. At least the restorationists have presented no real evidence for this, and in the absence of such evidence, their claims have no scientific value.

We must not forget that despite the overall trend, the Soviet Union has not even approached levels of social and economic equality compatible with a classless society. The Soviet elite enjoys access to living quarters, health care, education, and consumer goods denied the Soviet masses. Further, the tastes of this elite for luxury goods and conspicuous consumption is decadent even by western standards. It is well known that Brezhnev collects expensive western automobiles. If this leader sets the style with a hobby befitting a playboy millionaire, it is not difficult to deduce the "interests" of the aspiring Soviet man on the make. However, it would be an error to simply equate the morality (or lack of it) of the elite with the underlying economic forces at work. Undoubtedly to move forward towards socialism the Soviet proletariat will have to settle accounts with this corrupt and revisionist leadership.

We can sum up our discussion of material welfare and inequality in the Soviet Union as follows: The standard of living of the mass of the Soviet people has risen dramatically over the past 25 years. There is solid evidence that real inequalities have declined significantly although the difficulty of gathering data on certain factors leaves the extent of that decline open to question. Serious inequalities, along with a revolting system of privileges for the elite remain and remind us how far the Soviet Union is from having attained socialism. The restorationists, in pointing to the existing inequalities and privileges, ignore the real gains and therefore paint a basically false picture of Soviet economic development over the past quarter century. Although this in itself doesn't disprove the thesis of capitalist restoration, it does demonstrate the inadequacy of the arguments as presented by the restorationists, and casts a considerable cloud on their conclusion.

### TRANSFORMATION OF THE CPSU

No one could seriously argue the restoration of capitalism in the Soviet Union without maintaining that the CPSU underwent a profound transformation. The timetable of the restorationists demands that the CPSU was totally reshaped from a proletarian vanguard party in the mid-50's to a capitalist (or social-fascist party) by the late 60's. When one examines the question, one finds that the data used by the restorationists to establish such claims is worse than conclusive, it is lacking in substance. These grounds alone should raise serious doubts on the validity of the restorationist thesis for any serious Marxist-Leninist.

The restorationists make three specific claims. They assert there was a massive purge of Marxist-Leninist cadre, that there was a wholesale expulsion of proletarian elements at the base, and that the doors were thrown wide open to administrators, professionals, and other elements of the elite, fundamentally altering the class and social character of the CPSU. Thus, the Chinese claim in *Khrushchev's Phoney Communism* that "nearly 70 percent of the members of the Central Committee of the CPSU who were elected at its 19th Congress in 1952 were purged in the course of the 20th and 22nd Congresses held respectively in 1956 and 1961. (See also p. 2, 1978 pamphlet.) And nearly 50 percent of the members of the Central Committee who were elected at the 20th Congress were purged at the time of the 22nd Congress." *Red Papers 7* makes much of the fact that there were 200,000 expulsions between 1956 and 1961, and 100,000 between 1963 and 1965. The Albanians argue in "The Soviet Economy—A Completely and Definitely Capitalist Economy" (*Albania Today*, July-August 1975) that "The revisionist party is in fact a party of white collar workers, a party of the intellectuals, a party of the bureaucrats, and not a real party of the working class . . . Bureaucrats, white collar workers and intellectuals constitute the absolute majority on the revisionist state organs, elected or appointed."

The easiest argument to dispose of is the implication that the numbers of those expelled represent a serious purge of the party. Between 1956 and 1966 party membership grew from over 7 million to over 12 million (see Figure 5). Of those expelled, about half were candidate members who were not promoted to full membership, thus were recent recruits whose expulsion could hardly designate a fundamental shift in the character of the party. Rigby studies in detail the figures for 1962-64 (Rigby, pp. 211-212) and concludes "the annual rate of hardcore expulsions (category a) was a mere 3 per 1,000. These figures also bring out the tiny number (about one in 700 each year) who voluntarily or through carelessness dropped out of the party. Further, it is worth noting the high figures for candidates relative to full members . . . . This is also applied in 1958-60. . . . the chances of a candidate being expelled from the party or dropping out during these years appear to have been about five times those of a full member."

If one compares these figures with the percentage of expulsions during a full-fledged purge, they become insignificant. Between 1933 and 1938 the membership dropped 50%! Even when one compares the level of turnover in party membership of this period with other relatively tranquil periods in the party's history, one sees that the years 1956-66 were years of great stability of party membership. For example "the rate at which people were expelled or dropped out of the party in the years before the Twenty-Second Congress (i.e. presumably 1957-61) was only 40% of what it had been in the five years before the Twentieth Congress (1951-55)." (Rigby, p. 310) The fact that 200,000 were expelled in the five years preceeding the 20th Congress in a party of over 7 million can be compared with the fact that over 350,000 left the party between 1930 and 1932 (not a purge period) in a party of less than 3 million.

Between 1953 and 1965 party membership grew 70% (see Figure 5). *Red Papers* 7 argues that in itself such a rapid growth is a sign of degeneration. However, according to Rigby (p. 300) "the ratio of the annual intake to the existing membership, which varied between 1:17 and 1:11, was only a fraction of what it had been, for example, during the Lenin enrollment, the collectivization period, 1938-40, or World War II." Further, the social composition of the party, rather than changing in favor of the intelligentsia, was being altered by an emphasis on the recruitment of workers and peasants. To quote Rigby again, "between the Twentieth and Twenty-Second Congresses (roughly 1956-61), 40.7% of all recruits were workers at the time of joining the party and 22.7% were kolkhozniks, a marked change from the pattern of recruitment on the eve of and immediately after Stalin's death." In fact the dramatic shift in the class composition of the CPSU towards the intelligentsia and white collar workers occurred in the 1930's as can be seen in Figure 6 below. This development was accentuated by war-time recruitment policies; the proletarian composition of the CPSU reached

its low point in 1956. Since that period the percentage of proletarian party members has increased significantly and consistently (see Figure 7). Thus the implication of many restorationists that the social composition of the party has undergone a deproletarianization since the death of Stalin is simply false.

The final question we must take up is the question of leadership. Surely the top leadership of the CPSU underwent changes after the death of Stalin. Each shift in party leadership has meant a turnover in personnel of the leading bodies as each new leadership brings in its own people. For example, in the seven years following Lenin's death only Stalin remained from the 1923 Political Bureau, while 70% of the 1923 Central Committee was not longer on that body in 1930 (see Hough, p. 3). Thus the turnover rate mentioned by the Chinese is scarcely unprecedented. Further, the leadership has made it a policy to limit the number of consecutive terms a person could serve on any party body, or any elective post in the party bureaucracy. (Of course the very top leadership always exempts themselves from these restrictions.) Resolutions at the 22nd Congress formalized this policy.

At least one-fourth of the people elected to the CPSU Central Committee and its Presidium at each congress were to be new faces who had not served on those bodies during the previous term of office. Similar quotas were established for the regular elections at the union republic, kray, oblast, city, rayo, and primary party organizations. At least one-third of those elected to union republic central committees, kray party committees, and oblast party committees were to be newcomers, as were half of those elected to committees or bureaus of primary party organizations."

(*The CPSU Under Brezhnev*, CIA report, p. 2)

One could interpret this as a device to purge Marxist-Leninist leadership but the fact that it was not formalized on a permanent basis until the 22nd Congress weighs against such an interpretation. The Chinese utilize the word "purge" for this turnover in leadership, at least implying that those going off leading bodies were disgraced and expelled from the party. Given the lack of hard evidence for this, and the preponderance of evidence in the other direction, one must be skeptical of such a claim. We know it took years for Khrushchev to get the leadership of the "anti-party bloc," which Khrushchev defeated politically in 1957, expelled from the party, and even there, it is not clear he was entirely successful (see M. Tatu, *Power in the Kremlin*, pp. 159-64 *passim*). None of these leaders were imprisoned, and according to H. Smith, *The Russians*, p. 54, Molotov, the leader of the anti-party bloc, managed to retain his government dacha—something Khrushchev was unable to accomplish after his deposition. Compare this with the results of the great purge of the second half of the 1930's. Ninety-eight of the

139 full and candidate members of the All Union Central Committee elected in 1934 were shot by 1939. The 1934 Central Committee was elected at the Seventeenth Party Congress. By the time of the Eighteenth Party Congress in 1939, 70 percent of the delegates to the Seventeenth Party Congress had been shot.<sup>12</sup>

To sum up, we can conclude that although the years following 1953 saw a substantial change in the personnel of the leading bodies, this was not accompanied by the widespread violence and repression of the late 1930's. There was no significant purge at the base—on the contrary, these were years of unparalleled stability in membership at the base. Finally, the decline of the proletarian composition of the party that had characterized the 20 years preceeding the 20th Congress was reversed beginning at the Congress.

That a party could be transformed from a Marxist-Leninist proletarian party to a social-fascist party without undergoing cataclysmic upheaval is rather difficult to explain. Taking into account the figures for drop-out and expulsion and the natural mortality figures (7 per 1,000 per year as estimated by Rigby), over 85% of the 7 million full members of the party in 1957—around 6 million—were still members of the CPSU in 1967. Six million of the supposedly most advanced communists in the world had become fascist in 10 years!

No serious Marxist-Leninist would claim that the present day CPSU has inherited the revolutionary qualities of the party of Lenin. At the same time, the degeneration of the CPSU was not a sudden process that occurred with the ascension to power of Khrushchev. A serious Marxist-Leninist analysis of this degeneration, one that accords with the real history of that party, remains to be achieved. To do so will not only involve clearing away revisionist apologetics and Trotskyist mystifications, but the restorationist mythology as well.

## FOOTNOTES

- 1 There has, of course, been a change in the Chinese position since the death of Mao Tsetung. There is now less reference to the question of bourgeois right. Most of the so-called gains of the Great Proletarian Cultural Revolution (lasting roughly from 1966 to 1969) in education, industry, culture, and other areas have now been downplayed if not completely dropped. It was these features that were at one time described as central to the struggle against bourgeois right and the *sine quo non*, the essence of the movement towards socialism. This has been accompanied by a more heavy emphasis on the need for large-scale economic development. Perhaps this is a good thing, since it shifts to what we have argued is a central task during the transition period. Yet, their basic view on the restoration of capitalism in the Soviet Union remains unchanged. And, there has been no theoretical recognition by the Chinese Communist Party of any differences on their view of the task of "building socialism" or the nature of the transition period.

- 2 The reality of a given social formation can be analyzed at a number of distinguishable if interrelated levels. On the one hand we can study the official political and social goals, as articulated by the political leadership—the official ideology. On the other hand, one can study the social and economic phenomena as they directly present themselves—the statistics of the given social formation. Most importantly we must analyze the underlying social and economic relationships, particularly the basic relationships of production which determine, although in an often complex and mystified way, both the official ideology and the surface phenomena.

It is difficult to deal directly with underlying social and economic relationships exactly because they are underlying and not directly apprehendable. This is particularly difficult in a society in transition to socialism, where these relationships have a contradictory dynamic, and often unstable character. The question of the restoration of capitalism in the Soviet Union is a question of the dominant form of social and economic relationships. One way to attempt to settle this is to set up a model of socialist relations and then show that the Soviet Union does not satisfy it. This would be easy to do, but it proves too much. As we have argued earlier, neither the Soviet Union, nor for that matter China, Albania or any existing post-revolutionary society has attained a mature socialist form. The correct method is to attempt to analyze what fundamental transformations of social relations have occurred in the Soviet Union over the past quarter century, and whether *in toto* they constitute a restoration of capitalism. Here we can be guided by the restorationist claims. They have claimed certain fundamental transformations have occurred. We shall examine these claims and see if they are well-founded. If they were substantially well-founded, we then still would have to decide whether, in fact, they constituted a restoration of capitalism. We shall argue that the claims made by the restorationists do violence to the facts. On this basis we are then entitled to dismiss the restoration of capitalism thesis as unfounded.

- 3 Stalin's report to the 1934 Congress is in *The Essential Stalin*, B. Franklin, editor. A standard and well-documented account of the collectivization can be found in Chapter 7, of Nove, *An Economic History of the USSR*. Dobb's views in *Soviet Economic Development Since 1917*, see pps. 245-254,



while much less critical than Nove's, does not dispute the facts as presented above, which can be all found in Nove. The article by Jerry F. Karcz, "From Salin to Brezhnev: Soviet Agricultural Policy in Historical Perspective," in the volume, *The Soviet Rural Community*, edited by J.R. Miller, presents the standard western interpretation of collectivization:

In terms of agricultural production and productivity, the results are well known. The pre-war period may indeed be viewed as a lost decade. Total output approached—but did not surpass—the level of 1928, in spite of an increase in sown area, a somewhat greater labor input, and an apparent recovery in total capital stock. Consequently, productivity indices for the period show a decline ranging from 3 to 24 percent . . . . Karcz, p. 57.

For the post-war period one should see Nove, pp. 296-304. According to his statistics given on p. 303, production of grain, potatoes, and cattle in 1952 was still below 1940 levels. Dobb reaches similar conclusions to Nove:

"It was to transpire, however, that the position in agriculture during the earlier years of the 50's had in crucial respects actually deteriorated. The head of cattle declined between 1950 and 1953 (the fall being among those privately owned, which was not compensated by the increased number in ownership of State and collective farms), and the number of cows remained below not only the 1928 level, but also the (lower) 1940-41 level. Supplies of meat and milk to the towns remained practically stationary over the years 1950, 1951 and 1952. Sheep and goats (which are mainly owned by State and collective farms) increased by only 15 percent, over the three years and even pigs by only 21 percent over pre-war. A leading reason was shortage of fodder. Grain output in these years showed no improvement, being on the average of 1951-53, only 3 to 4 percent above 1950 which as we have seen was very little above the pre-war level. Sugar-beet and raw cotton did only a little better, and the output of flax declined drastically." . . . Dobb, p. 318.

- 4 All these figures can be found in Nove, *op. cit.*, and in more detail in "The Revolution in Soviet Farm Household Income, 1953-67), D. W. Bronson and Constance Krueger, in Millar, *op. cit.*
- 5 The basic law governing collective agriculture is the 1936 constitution, *The Standard Charter of an Agricultural Collective* (1935), and *The Model Collective Farm Charter* (1969). The latter two can be found in B.C. Stuart, *The Collective Farm in Soviet Agriculture*. The general policy towards private plots zig-zagged both before and after 1953, restricting them in periods of successful expansion of the socialized sector, and encouraging them in periods of agricultural shortfall, see Nove, Karcz, *op. cit.*
- 6 For the statistics on peasant income see Bronson and Krueger, *op. cit.* For the detailed discussion on agricultural productivity see D.B. Diamond and C.B. Krueger, "Recent Developments in Output and Productivity in Soviet

Agriculture," in *Soviet Economic Prospects for the Seventies*, a publication of JEEC.

- 7 A clear description of present-day Soviet agriculture can be found in Chapter 5, Alec Nove, *The Soviet Economic System*. His description of the changes over the past 25 years accords with the above: "After Stalin's death there was a change in policy. The condition of agriculture was deplorable, as Khrushchev pointed out to the September 1953 plenum of the central committee. A series of measures were taken to remedy matters. Prices were repeatedly increased, so farm revenues rose. So did pay for collective work, and (by a lesser percentage) so did wages in sovkhozy (state farms). Investments financed by the state and by farms themselves increased, as did output of farm equipment and fertilizer. The gap between rural and urban incomes has greatly narrowed. Indeed, it may no longer make sense to speak of the "exploitation" of agriculture, if by this is meant the pumping out of resources for the benefit of industrial investment."
- 8 Karcz also notes that the rationale for eliminating the MTS involved eliminating dual management, thus strengthening the party apparatus in the countryside. There were frequent conflicts between the MTS and collective farm authorities. He himself is somewhat critical of the move on economic grounds as many collective farms were not sufficiently developed to fully utilize such equipment, and the debt incurred by the farms in paying for the equipment subjected them to unnecessary financial strains. The same criticisms were voiced by many Soviet economists at the time. See J.F. Karcz, "Khrushchev's Agricultural Policies," reported in *The Soviet Economy*, Editors M. Bernstein and D.R. Fusfeld. For a discussion of the party strength in the countryside see T.H. Rigby, *Communist Party Membership in the USSR, 1917-1967*, p. 330-337.
- 9 For the relation of Khrushchev to the controversy over the zveno system, see Nove, *Economic History of the USSR*, and Crankshaw, *Khrushchev, A Career*, p. 164. *Red Papers 7* in its desperate attempt to link Khrushchev with the supposed restoration of capitalism in agriculture, concocts a conspiracy between Khrushchev and Voznesensky, the Soviet planning chief who was purged in 1949 and whom *Red Papers 7* regards as the original capitalist roader, to introduce the zveno system. Unfortunately, *Red Papers 7*, efforts to tie Voznesensky's fortune to harsh policies in agriculture are not very successful. "The consolidation of collective farms and the liquidation of zvenos did not take place after his arrest in March 1949. But the big increase in agricultural taxes took place in 1948." (Karcz, "Soviet Agricultural Policy in Perspective," p. 61-62, footnote.) Even more lacking in any evidence whatsoever is any link between Khrushchev and Voznesensky. Finally, as has been noted, Khrushchev publicly advocated the brigade as opposed to the zveno system, and stood for the consolidation and amalgamation of the collectives, and he replaced Andrejev when the latter was removed for his overuse of the zveno system. Since *Red Papers 7* puts forth zero evidence for their conspiracy claim, and it seems to contradict all known facts, one must conclude it is no more than a desperate bit of historical falsification.
- 10 The data on post-war economic cycles in the advanced capitalist world for the period up to 1972 can be found in Chapter 2 of S. Meshikov, *The*

*Economic Cycle: Post-War Developments*. The figures for 1974 are taken from G.A. Koslov, editor: *Political Economy, Capitalism*, Progressive Publishers, p. 483.

- 11 The system of special shops for the Soviet elite is described in Chapter I of Henrick Smith, *The Russians*. According to his account it is highly resented by the Soviet masses. One of the most notorious of these shops was built in the Khrushchev period and is referred to as the Khrushchev store. It is located in Zhukovka, the village near Moscow where the top Party and government leaders have their dachas provided free to them by the state. The dachas in Zhukovka are part of the benefits of the job—when you lose your post as Khrushchev did, you lose your dacha. Curiously Molotov seems to have retained his dacha until his death, and according to Smith (p. 54), could be seen shopping in the Khrushchev store as late as 1973. All reports from the long term residents as well as emigrés testify to a substantial subterranean private economy in the Soviet Union. See for example Zev Katz, "Insights from Emigrés and Sociological Studies on the Soviet Economy," in *Soviet Economic Prospects for the Seventies*.
- 12 These figures are from Khrushchev's speech before the 20th Congress. Presumably they are drawn from still-secret party records. The anti-Khrushchev faction led by Molotov, Malenkov, etc. were still in the party leadership and had access to the same data. They did not challenge Khrushchev's figures.

## Chapter IV

# On Posing and Settling the Question of Capitalist Restoration in the Soviet Union

The previous discussion was intended to demonstrate that much of the description of changes in Soviet society put forth by the restorationists as evidence for their thesis has no basis in fact. In this section we wish to deal with those key aspects of Soviet society which are to us decisive in determining whether, in fact, capitalism has been restored in the Soviet Union. We shall begin our more systematic discussion of the Soviet economy with a brief presentation of some basic facts about present day social reality in the Soviet Union, a very elementary and schematic description which is nonetheless necessary to clear up the fog created by both the apologists for the Soviet Union and the restorationist critics.

### WHAT WE MUST KEEP IN MIND ABOUT THE SOVIET UNION

The Soviet Union is a vast country, encompassing territories with extreme differences in climate, soil conditions, natural resources, etc. While the southernmost parts are desert-like, three-quarters of Soviet territory lies above the 49th parallel and thus is characterized by bitter cold climate, short growing season, and arid soil of meager fertility. At the same time these territories are extremely rich in mineral and energy resources.<sup>1</sup>

The people of the Soviet Union are widely varied racially, ethnically, and culturally with 170 distinct linguistic and national groupings including a dozen major ones. This diversity is reinforced by large differences in the level of cultural, social, industrial, and general economic development among the different peoples and regions.<sup>2</sup> The major cities of European Russia, e.g. Moscow, Leningrad, Kiev, are modern urban centers with an advanced working class whose cultural level, literacy, technical skills, and knowledge is as high as that of their counterparts in the most developed western countries. On the other hand, large areas of the countryside, particularly in Soviet Asia, remain poor and backward peasant societies, similar in certain respects to the peasant villages of the third world.<sup>3</sup>

The Soviet Union is the second major economic power in the world

after the U.S. It produces almost as much in agricultural products, while its industrial production is about three-quarters that of the U.S. In production of services it lags far behind the U.S., while its total GNP (Gross National Product)—an index of economic production biased heavily in favor of the U.S.—is only slightly more than 50% of the U.S. Its per capita GNP is less than half that of the U.S. Further, its industrial product is concentrated more heavily in basic industry than is the U.S.'s. Therefore, its light industry and consumer goods production is well below three-quarters of the U.S.; on a per capita basis it is probably not much above 50% of the U.S.<sup>4</sup>

Figures on labor productivity illustrate the wide unevenness of development of different sectors of the Soviet economy (in comparison to the U.S.). Certain modern steel complexes and oil fields are as efficient as any similar operations in the U.S. Yet, according to Soviet figures, labor productivity in Soviet industry as a whole was only 53% of U.S. productivity in 1970.<sup>5</sup> In agriculture as a whole the figure is a great deal less.<sup>6</sup> While precise comparisons are difficult to make, the overall labor productivity in Soviet industry is certainly well below that of West Germany, probably less than England and France, and possibly comparable to the level of Italy.<sup>7</sup>

It is not possible to do a detailed class analysis of Soviet society here, but it is necessary to describe briefly the three major social groupings. The first is the peasantry which constitutes 25% of the total population and approximately 50% of the total rural population. Organized in collective and state farms they draw the bulk of their income from the farms, but earn a substantial portion from the cultivation of small private plots and the tending of small private herds. This is estimated to be as high as one-third of the total of their income and varies widely depending on the area and the prosperity of the farm. They live in traditional peasant style in small rural villages which lack, for the most part, modern cultural and social services. Until recently about one-third of the villages lacked electricity, and the overwhelming majority still lacked plumbing. Both their money incomes and their supply of consumer goods is well below that of any other sector of Soviet society. Overall, their material standard of life is a good deal less than that of the German or French peasantry, and their overall cultural level is certainly no higher.<sup>8</sup>

It is, at the same time, important also to emphasize the differences between the conditions of the Soviet peasantry and the peasantry of most under-developed countries. In contrast to their counterparts in the under-developed part of the world, the Soviet peasants are not subject to famine, unchecked epidemics, continual threat of being driven off the land, disastrous falls in prices threatening starvation and other traditional staples of the diet of backward rural population. They are not illiterate. The Soviet peasants have access to free basic health services, their children attend school on a regular basis, they have a minimum

guaranteed income<sup>9</sup> sufficient for survival; they have minimal sickness, disability and pension guarantees. These social gains are, of course, not insignificant for a peasantry that until 60 years ago was one of the most exploited and poverty-stricken in the world.

Yet, despite their gains, the peasantry remain the most impoverished and backward section of the Soviet population. While enjoying certain minimal social services, these services are qualitatively inferior to those available to the town and city dweller.<sup>10</sup> Because of their private plots, their diets are comparable, and at some times of the year, superior to that of the general Soviet population. In all other respects, however, they remain an underprivileged class.<sup>11</sup>

### THE SOVIET WORKING CLASS

The most numerous and socially most important class in the Soviet Union is the proletariat, encompassing about 50% of the Soviet working population.<sup>12</sup> While some work in important rural industries (mining, oil drilling, etc.) and others work in industries located in small towns, the majority work in large enterprises located in the major industrial cities. They range from highly skilled (and highly paid) craft workers to low paid assembly and detail workers (often women) in light consumer goods industries. The income differential between the skilled and low paid workers range from 2 or 3 to 1,<sup>13</sup> these differentials generally estimated at being less than the comparable differentials among the U.S. proletariat.

The average worker is a town dweller living in an apartment, with electricity, plumbing and more or less modern appliances. The apartments are small and crowded by U.S. standards. In their material standard of life, working class families can be compared roughly with their counterparts in England or France. Their diet is comparable; their housing is much more crowded; their access to a full range of consumer goods a great deal more limited. Yet, their social services are better; the range of free health, education, vacation, and pension benefits are greater; there are more opportunities for promotion and advancement; and, most importantly, they enjoy job security totally lacking for their counterparts in the West.<sup>14</sup>

As opposed to the peasantry who are isolated in their villages and who play almost no organized political role in the Soviet Union,<sup>15</sup> almost all the industrial workers belong to trade unions which possess powerful local, regional and national apparatuses. More importantly,<sup>16</sup> a substantial percentage of the members of the CPSU and its youth group (the claim is over 40%) are workers. While all important decision-making and power is concentrated in the party apparatus at the top, the working class members provide a significant link between the CPSU and the working class.

## THE ELITE

The third important social grouping is composed of the technical and scientific specialists, managers and administrators, and the party and state functionaries. This group constitutes between 10 and 20% of the working population, depending on how you draw the lines.<sup>17</sup> They are clearly separated from the industrial working class by their advanced, specialized education and their substantially higher incomes. As opposed to the crowded apartments and limited appliances and furnishings of the workers, these people have dwellings and furnishings deemed comfortable by the standards of the Western *petit-bourgeoisie*. Many possess private automobiles, summer cottages, and at the highest levels have access to special shops where they can purchase scarce consumer goods not available to the workers at any price.<sup>18</sup> Their children attend better schools, and are a disproportionately large number of the students at the universities. Although party and government posts (particularly at the highest levels) would appear to be based on merit, there is a close intertwining of the technical and administrative elite with the upper levels of the party and state apparatuses. It is this grouping together which dominates the political life of the whole nation. We will refer to this group henceforth as the elite.

The reality of Soviet society is certainly far from that of an advanced socialist society marching triumphantly towards communism. There is much bourgeois inequality; large-scale privileges exist. Classes exist and the disparities between rural and urban life, peasant and worker, worker and manager are great and unlikely to disappear in the near future. To talk of political democracy in the sense of the Paris Commune as being remotely approximated by Soviet political life is absurd. At the same time the picture of the Soviet masses, miserable and destitute, groaning under the fascist whiplash of the new tsars is equally fanciful. From all sources available, the only serious political opposition to the existing regime is built upon the national sentiments of some of the national minorities. Less serious but widely publicized in the West is the oppositional activities of a section of the elite group who are bridleing under the political dictatorship of the CPSU—the dissidents. With few exceptions the dissidents are explicitly anti-socialist and look to the advanced western capitalist states for their models and ideals. Their views are implicitly, and often explicitly, of an anti-working class character. In view of this, it is hardly surprising that the dissidents appear to command little support among the Soviet proletariat.<sup>19</sup> Undoubtedly the Soviet working class has reason to be dissatisfied. However, there is absolutely no evidence to suggest that at present the mass of the Soviet proletariat is in political opposition to the regime, or regard it as other than a socialist leadership.<sup>20</sup>

If we were to begin with the pipe-dreams of the Soviet apologists or the nightmare of the restorationists, we could answer the question about capitalist restoration very simply and very satisfactorily. If one begins from reality, however, the answers are not quite so simple or clear cut. In order to approach the question it is necessary to formulate it in a more systematic and rigorous manner than we have done so far. It is to this that we now turn.

## ON POSING THE QUESTION OF CAPITALIST RESTORATION

To pose the question precisely it is necessary to delineate the central features of the economy of the transition period which distinguish it from a capitalist economy. We have previously discussed those features which it continues to share with a capitalist economy until the period of socialism is reached. In analyzing the question of restoration it is the differences which come to the fore and on which we must focus, without, however, forgetting that these differences exist concretely as part of an internally contradictory structure, and, therefore, these special features of a transitional economy are manifested in an inevitably impure and adulterated form. Based on an analysis of the Soviet experience, as well as that of other post-revolutionary formations, the following appear to be the basic characteristic special features of an economy in transition.

1. The capitalist class is eliminated. Surplus value in the major industries is no longer privately appropriated, since the means of production are no longer privately owned.

2. Economic production is subordinated to a national plan, which is not determined by the drive for the maximization of surplus value and the demands of the market. Thus the anarchy of social production under capitalism and its consequences are largely eliminated. The plan is determined by social priorities, politically evaluated and decided.

3. While wage labor remains and wage inequalities persist, there is no true labor market (as labor is no longer fully a commodity) since workers are assured positions at their levels of skills. Wages are determined centrally and not by market forces. The curse of unemployment and insecurity of labor is eliminated.

4. The means of production are not distributed in a commodity market but allocated by a national plan. They are, therefore, no longer commodities in any essential aspect.

To establish that capitalism has been restored in the Soviet Union, one must be able to prove that these four features are no longer true of the economy, that there has been a fundamental transformation of the Soviet economy with respect to these features. It is not sufficient to show that there have been important changes, many of them dubious from the point of view of advancing towards socialism. It is not sufficient to say that



there are tendencies which are undermining or tend to undermine these features. What must be shown is that these changes have essentially liquidated these four features.

Few people who argue the restorationist thesis attempt this proof. To our knowledge, the only theorist who attempts to argue seriously that these four features have disappeared is Martin Nicolaus (*The Restoration of Capitalism in the USSR*, Liberator Books, Chicago, 1975). We thus will deal with the various claims that one or the other of these four features has been eliminated by examining Nicolaus' arguments.

## IN SEARCH OF THE SOVIET BOURGEOISIE

Any serious theory of capitalist restoration in the Soviet Union must precisely identify who the Soviet capitalists are. Various theorists have claimed that capitalism was being restored at different points since October 1917. In 1918, Kautsky and other leaders of the Second International proclaimed the Soviet society as a new type of capitalism.<sup>21</sup> Anarchists began to proclaim the re-establishment of capitalism later in the year as the emerging civil war forced the Bolsheviks to introduce more order into the factories and discipline in the newly-founded Red Army. During the 1920's and 1930's, one layer after another of the former oppositions within the Bolshevik Party proclaimed the restoration of capitalism. Some said it was classic capitalism, some state capitalism or state monopoly capitalism. It has been attacked as "bureaucratic-collectivist," converging with Nazi Germany, and as a barbaric throwback, both economically and politically. All these theories have chosen either one or two candidates for who the Soviet ruling class is. By far the most popular candidate has been the higher level party and state functionaries. This view, which identifies the actual political and economic decision-makers with a new kind of capitalist class leads directly to the theory of state capitalism. We will examine this theory in detail later in the paper. Let it suffice for now to note that this theory requires a fundamental revision of Marx's analysis of capitalism. Nicolaus, although he does mention that the economic structure is of a "state monopoly capitalist type" (p. 5), a term which has been used with a great deal of ambiguity, seems to be aware of the entanglements of the "state-capitalist" theory. He thus attempts to place his chips on the other candidate for the new Soviet bourgeoisie, the enterprise directors.

Nicolaus sets the stage for his argument (p. 76) when he tells us that under Khrushchev, "The party thus became explicitly . . . a party of the managers." But at the point where it is necessary to pinpoint the new Soviet bourgeoisie in a rigorous manner, Nicolaus gives us instead several paragraphs of rhetoric. Here are the key sentences:

With the "reforms" of 1965 they emerged as enterprise directors of a new kind. They became **not only** dictators of the production process, iron-fisted industrialists, but also

managers of important sums of money, who have to have the eagle eye of investors to succeed. (p. 123)

The fact that the director is appointed and removed from above and occupies a definite slot in a bureaucracy does not alter the character of his function . . . His capitalist side is . . . decisive . . . The proof of this . . . lies rather in the shreds and tatters to which the Soviet directors, as capitalists, have reduced the power of the bureaucracy that is supposed to "harmonize" their strivings: the central planning machinery. (p. 124)

Is there any truth to this assertion that a new class of Soviet Mellons, Carnegies and Rockefellers have emerged from the ranks of enterprise directors? There is none at all! That they have tamed the planners who are supposed to reign over them. A total distortion of the facts! There is not a single serious student of the Soviet Union who draws a picture remotely resembling this pipe-dream. We quote one representative expert, Richard Carson, whose views in this respect can hardly be considered controversial:

When we switch to the USSR, the autonomy of an enterprise director closes in toward an orbit that we associate more closely with a North American plant foreman.<sup>22</sup>

The Soviet director is not even, according to this one expert, as autonomous as a corporate manager in the U.S. His autonomy approximates a U.S. plant foreman. And this is the place where Nicolaus has discovered the newly emerging capitalist class. It is worth quoting Carson in some detail since he describes clearly and accurately the role of the Soviet enterprise director, providing a good antidote to the fog and mystification of Nicolaus.

Thus the most important feature of Soviet industrial planning is a collection of legally binding physical targets. To back these up, raw materials and intermediate goods are physically rationed among user firms. An enterprise will also receive a budget constraint for wages and salaries, combined with directives for the skill and white collar/blue collar mixes of its labor force. Like his Hungarian counterpart, a Soviet manager faces major restrictions on dismissal and transfer of personnel between jobs.

This does not mean that managers in the USSR have no room in which to make their own decisions. They can reorganize production to get more output from given inputs if they are able, and Soviet planners are constantly trying to pressure them into doing this. They have some freedom to vary product assortment and production methods. Particularly since the mini-reforms of the late 1960's they have some freedom to determine their investment programs.

Occasionally they are allowed to market their goods. Considerable evidence has accumulated to indicate that they have more freedom in all of the above things in practice than they have on paper.

Nevertheless, basic production decisions in the USSR are taken above the level of the firm by central planners who communicate their choice to managers in the form of input and output targets. This is why we have compared managers there to foremen in North America. An American foreman does not have to worry about the financing of the firm or too much about the selling of the product, beyond the fact that it must meet certain specifications. He has limited freedom to change the mix of inputs that he uses or of outputs that he produces. His major problems are physical. He must put his allotted labor to work in a productive manner. He must see that the equipment is in good operating order and make sure that the production process functions more or less smoothly.

The Soviet manager's decision-making orbit is larger than this, but closer to it than the role of a Western corporate manager. The decisions which occupy most of the latter's time are made higher up in a chain of command or planning hierarchy, and in this sense the decisions that solve the economic problems (or implement socio-economic goals) are more centralized in the USSR than in Hungary, Yugoslavia, or any developed Western country. They are probably more centralized still in Romania, Bulgaria, and Cuba. China on the other hand, is much less centralized than the USSR, although it would not classify as a predominantly market economy. (*Ibid*, *emphasis ours*.)

The picture painted above is not a controversial one, but rather a commonplace to all serious students of the Soviet Union.<sup>23</sup> Neither Nicolaus nor any other theorist of capitalist restoration has presented a shred of significant evidence that would put it in question. If the above description of the role and powers of the managers is at all accurate, then to pinpoint enterprise directors as a new ruling class, not to mention a new capitalist class, is absurd.

What emerges clearly is the following: if one wishes to maintain the thesis of capitalist restoration in the Soviet Union, one must pinpoint precisely who the new capitalist class is. There are simply no reasonable candidates other than the higher level state and party functionaries. Since, however, they are not tied to any particular enterprise or group of enterprises, one is led inevitably to the theory of state capitalism with all that it implies.

We reject the theory of state capitalism as anti-Marxist and anti-scientific (see Chapter V). We hold there is no capitalist class in the

Soviet Union. The means of production are not privately owned, and thus the product is not privately appropriated, which is a necessary prerequisite for capitalism. It is true that the elite grouping draws from social production for its personal consumption more than it contributes.\* Thus they appropriate for themselves a share of the surplus product created by the working class and peasantry. This is neither necessary nor desirable. In fact, it represents a definite barrier to the development of socialist society. At the same time the elite is not a capitalist ruling class, nor does it have any material interest in the restoration of capitalism. Their privileges and status are based on their domination of a collectivized economy. This elite provides the social basis for the revisionist, even at times, counter-revolutionary politics of the CPSU. These complex contradictory phenomena pose enormously complicated theoretical questions for Marxist-Leninists, questions which transcend the limited aims of this paper. An answer to the question of the precise nature of the elite grouping would require a historical analysis of its emergence, a clear assessment of its role in the economy as well as, politically and socially, an analysis of the complex dynamic of its relationship to the working class and flowing from all these, a materialist analysis of the revisionist ideology which it put forth.

### THE ROLE OF THE PLAN IN THE SOVIET UNION

In the Soviet Union each enterprise is subject to certain obligatory targets or instructions set by the central authorities in charge of implementing the central plan. Most important are wage fund, value of sales, main items to be produced expressed in physical units, total profits, rate of profit on capital, contributions and receipts from the state budget, centralized investments and introduction of new productive capacity and technique, material supply obligations to other specified units. Failure to meet these targets results in penalties, repeated failure will destroy the career of a manager. Bourgeois scholars regard the plan as irrationally constrictive, and search eagerly for signs of the growth of market forces as evidence for their views and for what they hope is a drift toward rationality in the Soviet economy. (Nowadays, as opposed to the 50's, most Western Soviet experts are sufficiently friendly to the Soviet Union to offer them advice on how to bring order and civilization into what they

\*The post-revolutionary Soviet government under Lenin attempted to limit the salary of managers and administrators to that of the highest paid skilled workers. It proved impossible to do this since they required the services of the old bourgeois managers and were forced to bribe them with high salaries. At the same time, throughout Lenin's lifetime they imposed the above salary limitation on any proletarian administrator, i.e. any member of the party. After Lenin's death, and in particular in the 30's, this restriction was dropped altogether. The time is long past when, from the point of view of the proletariat, the excessive material privileges of the elite are economically justifiable.

consider a basically irrational system.) These observers and Soviet sympathizers, along with many eastern European economists who regard decentralization as the key to liberalization and democratization, are unanimous in their criticism of the Soviet authorities and system for their attempts to over-control, through the central plan, the national economy.<sup>24</sup> The Chinese and Albanians, on the other hand, have implied, in rather off-the-cuff remarks, that the plan has been liquidated in the Soviet Union. The only observer that has seriously attempted to argue this is Martin Nicolaus. An examination of his arguments graphically illustrates the flimsiness of the case for the demise of planning in the Soviet Union and provides a striking example of how far astray even a knowledgeable Marxist can go in attempting to maintain an untenable thesis.

In Chapter 19 of Nicolaus' book, he puts forth the following "facts" to show that the plan is no longer operable in the Soviet Union. He asserts that the plan targets are really determined by the enterprise directors from below, that the enterprise can invest a part of the profits outside the plan, that the big enterprises dictate prices, that targets are not broken down from year to year in the five-year plans and that prices are sometimes changed in the middle of the five-year plans.

Some of these "facts" are just wrong. In the Soviet Union, as opposed to China, where planning does to some extent originate from below, plans originate in the ministries and then are sent down for discussion to the enterprises. Others of these "facts" display either an appalling ignorance of Soviet planning or plain dishonesty. For example, it is the one-year plans which are operative and binding on the enterprises; it has always been so. The five-year plans represent aggregated targets or goals, not instructions to the enterprises. That they are not broken down in year-to-year targets may be a weakness, but it doesn't prove, as Nicolaus argues, that there is no operative plan. In contradiction to Nicolaus' assertion, all basic items are priced by the central planners, not the enterprises, although enterprises have ways of influencing prices, as one would expect in any rational organization of production. The problem of rational pricing is a serious one for the Soviet Union as it has been since the 30's. Poor pricing causes difficulties in planning, no doubt, but it scarcely establishes its non-existence. Nor does changing of prices necessarily reflect the breakdown of planning in a dynamic economy. If the cost of production or available quantity of some item should change dramatically, a rational way of encouraging or discouraging its use and the use of substitutes **might** be through price changes. Even the alteration of plan in mid-year to correct unrealizable targets or to take into account unforeseen bottlenecks, is not the reflection of abandonment of planning but of the inevitable errors that creep into any complex human undertaking.<sup>25</sup>

The only one of Nicolaus' "facts" that has any relevance to the

conclusions he draws is the ability of the enterprise to invest part of their profits outside the plan. If a substantial proportion of Soviet investment occurred in this manner, this could indeed weaken the controlling role of the plan. In fact, only a small proportion of Soviet investment occurs in this manner. For example, in 1975 about 13% of total industrial investment was outside the plan. Further, a substantial portion of this was not capital investment but investments in the welfare fund, i.e. plants building housing for their workers, or clinics, or day care centers (see Nove, p. 241-42). Further, the trend seems to be to restrict decentralized investment. The 1965 reform envisaged decentralized investment growing to about 20% of total industrial investment. But in 1973, Kosygin sharply criticized the use of these funds for non-productive investment and low-priority projects; subsequently they have been significantly cut back (see *Soviet Economic Prospects for the Seventies*, p.42). In considering this point, one must not do as Nicolaus appears to do—identify profits retained by enterprises with funds invested outside the plan. The fact that an enterprise retains a certain proportion of its profits does not mean it is free to utilize those funds as it wishes. The bulk of them must be invested as stipulated by the central plan.(see Nove,p.90)

It thus appears that the funds invested outside the plan play a strictly secondary role in Soviet economic life. As *Red Papers 7* rather sadly acknowledges in their search for evidence for the restoration of capitalism in the Soviet Union:

For example, we have not stressed the introduction of the Production Development Fund, whereby enterprises can invest profits independently of the plan. Though of some significance, this fund in most firms amounts to only between 2 and 5% of the value of fixed capital. This is not enough for the enterprise to make any significant investment of its own. (p.50)

Thus all the evidence points to the fact that the enterprise investment fund does not play a significant role in negating or modifying the central plan. Hence, the thesis of Nicolaus on the lack of an operative plan, and thus, the predominance of market relations in the Soviet Union, is exposed as lacking in any serious argumentation. With this out of the way, we can pass to the more serious contention that must be dealt with concerning the **character** of Soviet planning. This is the assertion that while there certainly is an operative central plan in the Soviet Union, it is a capitalist rather than a socialist plan because of the determinant role of profits.

## ARE PROFITS IN COMMAND IN THE SOVIET UNION?

The profit of a productive enterprise over a given period is the difference between the value of the goods produced and the costs of producing them. The rate of profit is the ratio of the profit to the capital

costs over the same period. Under capitalism, profit is the form in which the capitalist appropriates the surplus value created by the workers.

Under capitalism, the gaining of profit (indeed, the gaining of the maximum amount of profit possible) is the goal of every individual capitalist. Every aggregate of capital, whether jointly or individually owned strives to get a maximum amount of profit from all its operations. The penalties for a capitalist not getting a profit (or even not obtaining a sufficient rate of profit) are often extreme—failure to survive as a capitalist. Although the power of survival of large capitalist monopolies goes beyond their ability to obtain a profit in the short run, those that do not keep pace in the long run go under or are absorbed. (We have only to mention Studebaker-Packard, Penn Central, recent bank closures, etc.)

Profit, under capitalism has three functions for the capitalists. First, it is used for his personal consumption. Second, it is used to develop a reserve fund to tide him over hard times, to help him deal with unusual problems, to allow him to wait out unfavorable market conditions. Third, it is used for furthering accumulation and investment, what Marx calls the self-expansion (*Verwertung*) of capital. This latter characteristic—the self-expanding character of capital—is its central feature. Capital is impossible, inconceivable without its self-expansion. Without self-expansion, any particular segment of capital is annihilated, it dies.

With the overthrow of capitalism by the working class, after the elimination of the capitalist, accumulation is still a highly important social goal. We indicated this earlier in our discussion of the nature of the transition period. There must be a surplus product produced above and beyond the needs of adequate consumption of individuals. This surplus product is necessary for immediate economic growth and long-term investment, as well as the largely expanded social services that a workers' state establishes.

To certain people, this still sounds like profit is in control. But, certain things which existed under capitalism for which profit was used no longer exist in a workers' state. First, the large amounts of profit necessary for the personal consumption of the capitalists are eliminated. Whether they retain managerial functions in their industry or receive a job doing manual labor, the capitalists (who do not emigrate or are not punished for counter-revolutionary activity) are paid according to the job they perform, like everyone else.

Secondly, the reserve fund is social. There is no longer a need for each individual enterprise, for each segment of capital to have its own reserve fund. The reserve fund of society as a whole is used to help society recover from natural disasters and other unexpected problems, and to help individual persons who need to be put on early pensions or maintained because of various infirmities.

Third, although there is still a need for the creation of a general social

surplus, there is no longer a need for every enterprise's very operation, for every segment of industry to obtain this surplus, i.e., self-expansion at the micro-level is no longer an absolute necessity. Thus, in the Soviet Union, it has been state policy to price certain things below the cost of its production. This was the case with most food under Stalin and is still the case today. This is also the case, according to the *Chicago Sun-Times* (December 15, 1977), with the Soviet toy industry (an estimated \$1.34 billion industry), whose prices are well below costs. In addition, Soviet policy since the beginning of the first five-year plan, has been to subsidize industry in certain parts of the country.

The most important example, has been the subsidization of industrial growth in the national minority regions. This subsidized growth has been in most cases more rapid than the general level of economic growth in the country, despite its lack of profitability.<sup>26</sup> The reason for this has been the political importance to the Soviets of developing the national minority regions. It is needless to say that such investment policies, as well as the pricing policies just described are not compatible with the self-expansion of capital under capitalism.

Even under socialized production, certain features normally associated with "profit" must be taken in to consideration. Under capitalism, during the upswing in the economic cycle, capitalists tend to over-invest in long-term capitalist expenditures. When the downswing comes, certain capitalists are left holding the bag, their money has been invested in basic capital projects which cannot be completed. (Chrysler is a good current example of this phenomenon; they always seem to have unfinished plants for which they do not have enough capital to complete during periods of recession.) Marx says, (See CII, p. 315) that under socialized production, it still must be calculated how much can be invested in those areas whose returns are not immediate (e.g., railways) which do not furnish either means of subsistence or means of production for a considerable time. Too much invested in these areas (no matter how vital their social importance) will be destructive to the economy as a whole. Thus, the immediate returns of each industrial sector must be taken into account.

Further, under capitalism, the need for self-expansion forces capitalists to maintain a certain measure of efficiency and economy of material. The penalty for not doing so, as has been noted, is quite severe. With the overthrow of capitalism, this compulsion no longer exists. Thus, the possibility of industrial enterprises surviving with huge waste and inefficiency exists. This has been a problem that has plagued Soviet industry from the 30's up until the present day; reports in the Soviet press and articles in Soviet economic journals continually point this out.

The problem of waste and inefficiency has been greatly compounded by the particular history and constraints of Soviet industrial development. In the period prior to 1950, the main economic tasks facing the



Soviet leadership were the development and building up of basic industry: steel, machine tools, fuel and power sources—along with the development of a modern economic infrastructure of communications and transportation. Because of the isolation of the Soviet Union from the developed capitalist world, and the threat of imperialist invasion, this task had to be accomplished at break-neck speed, under extremely difficult conditions internally and internationally. Under these circumstances the national plans, both during the period of industrialization throughout the 1930's, and in the period of post-war reconstruction during the late 40's, were built around attaining certain rates of growth for key basic industries, the other sectors being subordinated and integrated with these. Thus, for example, the output of the cement industry was pitched to the construction needs of basic industry and the expansion of these industries.

In this period when the emphasis was on the quantitative growth of a few basic items, questions of wastage, inefficiency, and neglect of non-essential sectors appeared secondary. Further, given the historically low productivity of labor in the Soviet Union, as compared with the advanced capitalist countries, a condition which it necessarily takes a long time to overcome, the necessary surplus product to accomplish this industrialization had to be extracted from the peasants, by means of low agricultural prices, and from the working class by means of low wages and a neglect of consumer needs. The enormously fast pace of development demanded an enormous and historically unprecedented rate of accumulation and investment, which called for great material sacrifices on the part of the Soviet masses.

The Soviet Union lacked the breathing space to pursue a more leisurely pace of development, as had been pursued in more recent years by the People's Republic of China, although this also seems now to have changed. Thus, the particular conditions of Soviet industrialization throughout the 1930's and through the period of post-war construction led to a powerful but unbalanced and inefficient industrial structure whose overall profitability and functioning was tied to a low material standard of life for the Soviet masses.

By 1950 this situation had become unjustified and intolerable. Post-war reconstruction had been completed, the foundations of a modern industrial economy were laid, and it became necessary to reorganize production on an efficient basis, and to develop the neglected consumer industries. Further, the previous growth of Soviet industry had been extensive, i.e. based on increasing the amount of labor involved in industrial production. This had come about through drawing more and more labor out of the countryside, but this process soon reached natural limits. This drift from the countryside into the cities, compounded by and compounding the neglect of the agricultural sector, was threatening a crisis in agricultural production.

Thus the economic tasks facing the Soviet leadership were clear: 1) The situation in the countryside had to be stabilized by raising the standard of living and the productivity of the peasantry. 2) Industrial growth had to be switched from an extensive to an intensive basis. This could only be realized by an increasing growth of the productivity of labor which could be accomplished through the more efficient deployment of labor, elimination of vast wastage and bottlenecks that were the result of the earlier unbalanced growth, and the modernization of plants and equipment. 3) The lack of consumer goods, the overcrowded and primitive living conditions, the lack of social amenities for the working class had to be quickly remedied if the regime was to maintain its basis of support within the class.

Of these tasks, 1) and 3) were the ones that were easiest to make progress on; in fact, dramatic advances were made in both (see Section III). It was task 2) that was the key to the long-range solution of all these tasks, and it is this that has been the central economic preoccupation of the Soviet leadership for the last 25 years. The economic reforms and reorganizations of 1957, 1965, and 1970, particularly the latter two, were focused on this task.

In 1965, after five years of discussion and debate among the leading Soviet economists and planners, the obligatory indicators, that is the types of targets and instructions given by the central authorities to each individual enterprise, were systematized and streamlined. The most substantive and controversial change from previous practice was the prominence given to profit and rate of profit. In particular, bonuses, both to workers and managers, as well as material welfare funds for workers, such as funds for new housing and canteens, were explicitly tied to meeting profit targets.

This does not mean profits became the only target or even the main target. Meeting the prescribed output targets in physical and value terms remains the basic obligation of the enterprise. At the same time there is a strong material incentive to accomplish this in a manner which also achieves the profit and profitability targets.

The explicit introduction of the profit indicator certainly had a progressive aspect. It was an attempt to assure a surplus through the efficient allocation of materials and labor, rather than continuing to rely on the low level of material consumption of the workers and peasants. The misuse of labor, the squandering of materials, the often irrational organization of production, so present since the initial industrialization of the 30's, was a fetter on the social and economic development of the Soviet Union.

At the same time the strengthening of the profitability criterion, the creation of a drive for profit within the individual enterprise, poses serious problems for a society in transition to socialism. The drive for the maximization of profit is a compulsion rooted in capitalist economic

relations. While a society in transition cannot abolish the profit motive completely before socialism is achieved, it certainly must strive to restrict its role as a pre-condition for abolishing it. Otherwise it comes into conflict with and sabotages socialist priorities which are in the process of emerging.

The drive for profit contradicts the right to work, the right of full employment of the working class. Each enterprise in seeking to maximize profit is driven to get rid of what it regards as excess or unnecessary labor, particularly during slack periods. It yearns for the old capitalist labor market from which it can draw labor when it needs it, and to which it can expel labor when it is no longer immediately necessary. For profit to effectively discipline enterprises, one must reward the strong and penalize the weak. The earnings of those workers in the most advanced and efficient enterprises must be increased and those in the backward enterprises decreased. Further, the administrative and managerial personnel, who are directly responsible for the realization of profit, must be suitably rewarded for success, thus increasing the differences between their earnings and that of the workers. The strengthening of the profit drive thus leads in these ways to the increase and intensification of material inequalities and privileges. Further, as has been pointed out by most bourgeois commentators, profit can only regulate production in an efficient manner if prices are determined by the market, i.e. are free to vary according to demand. That is why monopolies under capitalism which can fix prices independent of demand may be profitable without being efficient.

Thus the logic of profit contradicts the central regulation of pricing of capital goods which is vital to meaningful central planning. The logic of profit leads away from social investment, the evening out of the level of development of different regions and nations, and economic relations with other workers' states based on fraternal assistance and proletarian internationalism.

In Yugoslavia one can see the result of reliance on profitability as a determinant of production in a society which was in transition to socialism. We see here the virtual abandonment of central planning, the domination of the market as a force regulating production, the development of mass unemployment, increasing inequality of income, inflation, exaggerated inequalities in development from region to region.<sup>27</sup> In the Soviet Union the profit drive has not (as yet) succeeded in overthrowing the right to a job, or the central plan.

As to income inequalities, the picture is a bit confused. As opposed to the immediate post-World War II period, inequalities have substantially declined, yet the evidence over the past ten years shows a slight counter-trend. At the same time, profit has been much less effective in the Soviet Union in promoting efficiency within the enterprise than in Yugoslavia, which has given fuller reign to the profit drive.

While insisting that the reliance on profit criteria for assessing and guiding enterprise performance has serious negative consequences and implications in the Soviet Union, it is incorrect to say that profits are in command in the Soviet Union. For profits to be in command, profit criteria must be the main determinant of investment. In other words, capital must flow to those sectors which bring the highest rate of return, or more precisely, to those areas where the marginal productivity of capital is highest.

Although Soviet and Western economists have calculated this productivity, sector by sector, in terms of capital/output ratios<sup>28</sup> and Soviet economists have continually urged<sup>29</sup> that capital/output ratios be taken into account in drawing up the plans, there is no evidence that this has had any significant effect.<sup>30</sup>

### IS LABOR POWER A COMMODITY?

The question asked above must be posed somewhat more precisely and explicitly if it is to have any relevance to the question of the restoration of capitalism. Marx, in his *Critique of the Gotha Program*, explained that a form of wage labor would continue to exist until the highest stage of communism is realized, and this entails some aspect of a commodity relationship. The worker exchanges his labor for the necessities of life for himself and his family. Marx envisaged this labor as occurring under uniformly advanced levels of technology and organization of production so that an individual's contribution to the social product would be directly proportional both to his income and to his skill and effort. Further, while Marx acknowledged that different individuals would differ in skill and energy, and thus in their contribution to the social product, he assumed that the social division of labor would be such that different types of socially necessary labor would not involve, as such, radically unequal claims on the social product.

None of these conditions are realized in any existing transitional society. There are vastly unequal levels of development between different sectors of the economy and different regions. Further, even within a given productive unit, those tasks demanding more training and responsibility require extra material incentives. Further, wage and income incentives are required to channel labor into new occupations and skills demanded by a developing industrial economy, or into underdeveloped and backward areas lacking social and cultural amenities. Finally, the new society inherits a complex patchwork of salary and wage rates from the old society, a patchwork which reflects the vagaries of the old labor market and the different levels of organization of different sectors of the workforce.

The traditional wage system, while neither rational nor just, from the point of view of the developing socialist relations of production, cannot be eliminated quickly but can only be modified gradually. Otherwise one

risks alienating and demoralizing essential sectors of productive labor, who see themselves losing out as a consequence of the revolution.

For all these reasons the principles of distribution in any transitional society lack the clarity or intuitive justness of Marx's definition of the lower stage of communism, "from each according to his ability, to each according to his labor." Rather there are inequalities, privileges and competing and contradictory claims on the social product. There is thus an objective, material, basis for conflict between different enterprises, different groups of direct producers, and between the direct producers at a given enterprise and the managers and administrators who represent the central authorities. The need to assure a surplus for purpose of accumulation leads the central authorities to emphasize the necessity of each individual enterprise striving for profitability, which tends to penalize workers materially in the more backward units.

If we are then to argue that labor power is not a commodity in societies in transition to socialism it is not because wage labor has been abolished, or that substantial inequalities in wages or income have been abolished, or that managers and administrators are no longer pressuring workers to get production out and cut wage cost. The difference, in this respect, between a capitalist society and a society in transition to socialism, must be elsewhere.

The fundamental qualitative difference in the position of labor under capitalism and under a regime in transition to socialism is rooted in the differing dynamics of accumulation. Capitalism, while drawing an ever increasing mass of the population into wage labor, also creates an ever increasing mass of under-employed and unemployed workers, the industrial reserve army, whose existence is vital to the growth and development of capitalism. It is worth quoting a famous passage from Marx on this point.

The greater the social wealth, the functioning capital, the extent and energy of its growth, and, therefore, also the absolute mass of the proletariat and the productiveness of its labor, the greater is the industrial reserve army. The same causes which develop the expansive power of capital, develop also the labor power at its disposal. The relative mass of the industrial reserve army increases therefore with the potential energy of wealth. But the greater this reserve army in proportion to the active labor army, the greater is the mass of consolidated surplus-population, whose misery is in inverse ratio to its torment of labor. The more extensive, finally, the lazarus-layers of the working class, and the industrial reserve army, the greater is official pauperism.

This is the absolute general law of capitalist accumulation. (Marx's emphasis. *Capital*, Vol. I, p. 644)

This industrial reserve army is not necessarily or primarily evidenced

in unemployment statistics. In the U.S., not only are there vast numbers of Black youth who never make it into the unemployment statistics, but also millions of foreign workers without papers who are underemployed or unemployed and who do not legally exist.

Members of the industrial reserve army need not even reside permanently within the country to whose labor market they are intrinsically attached. Millions of Italian, Yugoslav and Greek workers are drawn into German and Swiss industry on a rotating basis, spending half the year producing surplus value for the German and Swiss bourgeoisie, and half the year vegetating in their native towns.

Further, under capitalism, the great majority of the proletariat is likely to find itself part of the surplus population a number of times during its working life; even in times of prosperity, the threat of unemployment weighs heavily on all workers.

With the abolition of capitalism, the abolition of unemployment and the reserve army of labor is achieved. In a society on the road to socialism, participation in productive labor by those able to do so, is both required and guaranteed. Clearly it is not a question of everyone getting the job they desire, or anyone having a right to a particular job. Rather, it is that full and productive employment for each individual becomes a high priority social goal towards which other priorities are subordinated.

Many restorationists—e.g. Nicolaus and *Red Papers* 7—following the Chinese, assert that chronic unemployment and a reserve army of labor have appeared in the Soviet Union over the past 20 years. The only serious evidence they present for this claim is statistics referring to the high mobility of labor, the high job turnover which appeared in the Soviet Union in the early 60's. Upon examination, this evidence turns out to be unconvincing.

In the first place the turnover of jobs throughout the 30's was a serious problem<sup>31</sup> and was at least as great as that of the 60's.<sup>32</sup> Secondly, between 1940 and 1956, workers were forbidden by law to change jobs without explicit permission. Thus the low job turnover during the World War II and early post-war period was not due to social development, but legal coercion. Further, it was to be expected that many workers who had for years been dissatisfied with their jobs and who for the first time could move to other jobs would do so. This would partially explain high job turnover in the early 60's. Finally, and most importantly, job turnovers are only indicative of chronic unemployment and the development of a reserve army of labor, if the great bulk of job leavings were involuntary—that is, if they were firings or lay-offs.

Every Western expert,<sup>33</sup> few of who would have reason to deny unemployment in the USSR if it exists, believes that the overwhelming majority of workers who left their jobs did so voluntarily, because they found, or thought they could find, a more desirable job. In fact, in any dynamic, expanding economy where workers are free to change jobs, one

would expect to find a high rate of mobility.<sup>34</sup>

When Western scholars talk about unemployment in the USSR, they refer to obstacles certain groups in the population have to face when entering the labor force. In particular, the percentage of employed wives of workers in smaller one-industry towns is lower than in major industrial centers, implying they have more difficulty finding desirable jobs. There is also the reluctance of enterprises to employ young people who have not yet fulfilled their military obligations, particularly if they are engaged in part-time study programs. Neither group seriously can be claimed to function as a reserve army of labor, depressing wages and being used as a threat against the employed portion of the working class. Western scholars also talk about unemployment, or more strictly underemployment, in another sense. Many enterprises hoard excess labor—workers who are paid wages but whose labor is not fully or efficiently utilized. However prevalent this practice is, it clearly has nothing to do with a reserve army of labor but, on the contrary, is evidence for the kind of commitment to full employment characteristic of a non-capitalist social system in the transition period.

There is one further point, of which Nicolaus and *Red Paper 7* make a great deal, and which does have some substance. Prior to the economic reform of 1965, the number of workers of each enterprise, along with the wage fund, was specified by the central planning organizations. This does not mean that workers could not be fired; they could be, but they would have to be replaced. After 1965 the wage fund, but not the number of workers, was specified by the central plan.<sup>35</sup> This means in principle a certain number of workers could be laid-off and their wages could be distributed as bonuses to the remaining employees, provided the specified production targets could be met by using fewer workers. At the same time, legally, no worker could be discharged without the permission of the trade union, and more importantly, not without another equivalent job being found for the discharged worker. The intent of this section of the reform was clearly to combat the hoarding and inefficient use of labor. Despite a couple of well-publicized examples of enterprises where the labor force was reduced, the Shchekino Chemical Works being the most famous (at Shchekino it was possible to absorb the laid-off workers in other areas of an expanding chemical complex),<sup>36</sup> this aspect of the reform was a clear failure. The difficulty in placing workers in equivalent positions in nearby enterprises, along with the reasonable fear on the part of the managers that discharging workers this year would reduce the wage fund for next year (managerial bonuses are tied to the size of the wage fund), and finally, the fear that this year's excess worker would be necessary and irreplaceable next year when the targets were raised have resulted in continued hoarding of labor. Soviet economists and planners continue to bewail the lack of progress on this problem.<sup>37</sup> At the same time one should recognize that this part of the 1965

economic reform does represent a *potential* weakening of the job rights of the Soviet worker. However, no evidence has been presented that significant practical consequences of this have as yet manifested themselves.

It is the unanimous view of Western experts that there is nothing in the Soviet Union comparable to the reserve army of labor found in the capitalist world. The restoration theorists have presented no serious evidence to contradict this. While the 1965 reform does contain the potential for weakening the job security of the Soviet worker, there is no evidence after 13 years that this potential has been realized on any broad basis. Over the past 25 years the material and working conditions of all layers of the Soviet working class have dramatically improved and inequalities in wages have decreased, all of which tends to contradict the thesis that a market in labor has appeared. Thus on this question also, the restorationist thesis fails.

### IS THERE A MARKET IN THE MEANS OF PRODUCTION?

Nicolaus argues that there is no operative plan in the Soviet Union; hence the means of production must circulate on the basis of a real, though disguised, market. His premise, however, is without factual basis. Since he presents no other serious evidence for this conclusion we can dismiss his argument without further ado. There is a further significant point to be made here which Nicolaus touches on but does not develop.

The 1965 reform did envisage the creation of a wholesale marketing apparatus in the means of production. Previously, when an enterprise had been allocated machinery or equipment, they were also allocated a specific supplier. The enterprises often complained that this procedure was too rigid and inflexible, since the recipient enterprise was forced to accept what the supplier was willing and able to supply, and that whole production schedules could be wrecked by an incompetent or tardy supplier. The reform attempted to remedy this by setting up a wholesaling agency to which the producers would deliver a portion of their product, and which would provide the enterprises which had been allocated new equipment with a somewhat more flexible method of obtaining it. In fact this wholesale trade has never really gotten off the ground. In 1973 less than 3% of trade in producer goods went through this wholesale market.<sup>38</sup>

If this wholesaling apparatus were allowed to set its purchase and sale prices, and if a substantial proportion of producer goods flowed through this market, one could assert that the means of production had become commodities. For the present this has not occurred; it will not occur in the near future because it goes against the overall logic of the system. The logic of the system is sufficiently powerful, so that even though the central authorities favor a restricted wholesaling operation, in which the prices remain in the hands of the center, they are unable to create it on any scale. Thus the case of the aborted wholesale market in producer



goods argues strongly against the thesis that the means of production are commodities in the Soviet Union.

## CONCLUSION

The Bolshevik revolution of 1917 initiated a period of rapid social transformation which after two decades had abolished the capitalist economy and most of its fundamental traits. Has the capitalist economy been reestablished? Has this historic achievement of the Soviet proletariat been liquidated? We have argued that it has not. By 1950 the USSR had reached a level of social-economic development which posed basic new economic problems and contradictions. The Soviet leadership failed to resolve these contradictions in a Marxist-Leninist manner. In their economic reforms and re-organizations, particularly those of 1965-66, they weakened the job rights of the working class. They have attempted to institute a profit drive at the enterprise level. However, these initiatives violated the overall logic of the system without transforming it. Thus they have been relatively ineffectual.

Still, these developments do pose a danger to the achievements of the Soviet proletariat, but at this point only a danger. The past 25 years have also seen a dramatic rise in the material and cultural level of the Soviet masses, particularly the proletariat, while at the same time constituting a period of political apathy and stagnation. Sooner or later the contradictions rampant in the Soviet political-economic order will boil over, and the proletariat will emerge as a conscious political force. Only then will the revisionist baggage be shed and a new qualitative leap toward socialism be realized.

Whatever it is, the Soviet economy is not one that any serious Marxist thinker of the pre-World War II period—not Marx, not Lenin, not Stalin—would classify as capitalist. Of course it is possible that classical Marxism is inadequate to deal with this question, and that a fundamental extension and revision of Marxism is necessary to correctly analyze recent developments on the Soviet Union. Many contemporary theorists have attempted to do exactly this, unfortunately often without comprehending or at least acknowledging the depth of their revision of classical Marxism. We will deal with the efforts of perhaps the most sophisticated and knowledgeable of such theorists in the next section. By now the reader who has borne with us will undoubtedly realize that we find such efforts unconvincing.

To us the Soviet economy manifests the dynamics and contradictions of an economy in transition to socialism. That such an economy is compatible with a revisionist political leadership is a fact of life. What must be theoretically understood is the extent to which such a leadership is or isn't the inevitable outcome of the specific conditions of Soviet development and to what extent it represents a fetter on the further development of the Soviet society towards socialism. We do not pretend

to deal with these questions here. To us, the assertion that the Soviet economy is in transition implies the possibility of a capitalist restoration, and we have indicated above the forces pushing in that direction. At the same time one must not deny the powerful forces driving toward the realization of socialism, first and foremost the aspirations of the Soviet proletariat.

## FOOTNOTES

- 1 J.C. Dewdney, *The USSR*, Westview Press, 1976. This is a readable industrial geography of the USSR.
- 2 The Soviet Union is composed of 15 Union Republics, most dominated by a distinct national grouping. For a discussion of regional economic differences see V.N. Bandera and Z.L. Melnyk, eds., *The Soviet Economy in Regional Perspective*, Praeger, 1973. In particular Chapters 6 and 7.
- 3 While the Soviets have not presented systematic data on the level of rural backwardness, enough scattered data has appeared to indicate the primitiveness of village life. The following figures are noted in G.A.E. Smith, "The Political Economy of the Reform Movement," *Critique*, Spring, 1975, p. 27. "For example in Vologda oblast only 12-15% of the streets of towns with population of less than 5,000 were paved. In 1960, only 7 towns (out of 51), in Tadzhikistan 8 (out of 57). In 1965, of the 500 small and medium sized towns selected by Gosplan (the State Planning Commission) as being suitable for industrial development, only about 20% had main water supply." As late as 1969 Vucinich could report (in Millar, *op. cit.*, p. 313) that one-third of the collective farms still lacked electricity, and in certain regions the percentage reached 50%. (According to J.F. Hough, *op. cit.*, p. 12, by 1975, however, 99% of peasant homes had electricity.)
- 4 Comparisons of U.S.-Soviet national income, industrial output and agricultural output for 1970 are given in *Soviet Economy Forges Ahead*, Progress Publishers, 1973, p. 30. For comparisons of GNP there are numerous western sources, e.g., *SENP*, p. 246. (Soviet Economy in a New Perspective).
- 5 *Soviet Economy Forges Ahead*, *op. cit.*, p. 31-32.
- 6 Soviet estimates in 1961 set Soviet labor productivity in agriculture as one-third of the U.S. U.S. estimates were one-eighth to one-twelfth, although Soviet analysts convincingly argued that these were inaccurate. B.I. Braginskii and D. Dumnov, "Labor Productivity in Agriculture in the USSR and U.S.A.," *Problems of Economics*, May 1961.
- 7 This can be crudely measured by dividing the value of gross industrial output by the number of man-hours worked. Of course, in comparing the values produced between different countries, one runs into the index

- problem, thus such comparisons are necessarily crude and qualitative.
- 8 The most recent income figures can be found in K.E. Wadkin, "Income Distribution in Soviet Agriculture," *Soviet Studies*, January 1975.
  - 9 The social conditions of the peasantry are well described in Millar, *op. cit.*, Chapter 12.
  - 10 Millar, *op. cit.*, Chapter 12.
  - 11 *Ibid.*
  - 12 This is according to official Soviet statistics, see *Soviet Planned Economy*, *op. cit.*, p. 10.
  - 13 V. Mehta, *Soviet Economic Policy*, Humanities Press, 1977, p. 9.
  - 14 For a discussion of consumption levels of the Soviet working class based on U.S. sources see Chapter II of this paper. A more favorable picture is drawn by Soviet writers, e.g., T. Khachaturov, *Economy of the Soviet Union Today*, Progress Publishers, 1977, pp. 127-144.
  - 15 Millar, *op. cit.*, Chapter 12.
  - 16 See Figure 7
  - 17 The German scholar K.E. Wadkin hypothesized an upper strata of 11.8% of population in 1959; see Melvyn Matthews, *Class and Society in Soviet Russia*, Penguin Press, 1972, p. 93.
  - 18 The Soviets, for obvious reasons, do not provide statistics on the life style of the elite, although data gleaned from scattered studies as well as the personal experience of many, many observers testify to the extent of the privileges of the elite. See Matthews, *op. cit.*, Chapter 4 and H. Smith, *op. cit.*, Chapter 1.
  - 19 This is implicitly acknowledged by H. Smith, *op. cit.*, Chapter 4, who, to say the least, is an uncritical admirer of the Soviet dissident movement.
  - 20 In an interesting article in *Critique*, Spring 1975, M. Holubenko, "The Soviet Working Class: Discontent and Opposition" surveys reports of strikes and other manifestations of workers discontent in the Soviet Union over the past decade. Although there has been sharp struggles they all remained localized and did not go beyond economic demands and grievances. In our opinion the speculations of Holubenko and G.A.E. Smith (*op. cit.*) typical of many left critics of the Soviet Union on the rebellious mood of the Soviet proletariat have an air of wishful thinking about them. We also wish that the Soviet proletariat were consciously preparing to kickout the revisionists, but one must not let one's wishes cloud a sober assessment of reality.
  - 21 Karl Kautsky, *The Dictatorship of the Proletariat*, quoted in Lenin, *Proletarian Revolution and the Renegade Kautsky*, (FLP, Peking 1965), p. 1.
  - 22 In C. Mesa-Lago and C. Beck, eds., *Comparative Socialist Systems, Essays on Politics and Economics*, Pittsburgh, 1975, p. 325.
  - 23 An interesting recent study of the question is V. Andrie, *Managerial Power in the Soviet Union*, Saxon House, 1976. Although he argues that the *de facto* power of the managers is greater than their formal authority, he sees no profound difference in the relationship of the directors and the central planning authorities in the post-1965 period as compared with the earlier period (p. 140). He emphasizes the potential for conflict between the directors and the central authorities along with the mechanisms developed

for resolving such conflicts. He is far from claiming enterprise managers are a ruling class, not to speak of a capitalist ruling class. It is worthwhile to compare the conclusions of a careful and serious proponent of the importance of enterprise directors as a social strata of the Soviet Union with the wild claims of Nicolaus:

We have seen in Chapter 2 that the 1965 reform went nowhere near challenging the principle of directive planning. Words like "profit" or "accounting" have an established place in the Soviet economic discourse, but their meaning has precious little in common with the capitalist system of production for market exchange. In the Soviet Union, the organizational separation of the productive process into individual state enterprises does not in itself give the enterprise managers the power of "effective disposition over the means of production"; the claim that it does is based either on the erroneous assumption that regulative planning has replaced directive planning or the confusion of operational control with allocative control over resources. (p.148)

This view loosely formulated, is consistent with the position we have attempted to argue more rigorously from a Marxist perspective.

- 24 There is a rich literature pushing for more reliance on market forces from all these sources. Nove, *op. cit.*, gives the views of a prominent Western bourgeois scholar. M. Dobb, *Socialist Planning, Some Problems*, 1970, Lawrence and Wishart, presents the arguments of perhaps the most prominent western pro-Soviet economist. W. Brus, *The Economics and Politics of Socialism*, Routledge and Kegan Paul, 1973 is a sophisticated presentation of the views of the Eastern European "liberalizers."
- 25 All these above points are elementary and can be found in any serious work in Soviet planning. A good account is Chapter 2 of Nove, *op. cit.*
- 26 See Table 6.1, p. 157, *Soviet Economy in Regional Perspective*, *op. cit.*, which compares the rate of growth of inputs from 1961-1970 for various republics with factor productivity.
- 27 The data for these assertions is contained in tables on pp. 60, 69, 86, 94 in E.S. Kirschen, ed., *Economic Policies Compared, West and East*, Vol. I, North Holland, 1974.
- 28 See for example, A.V. Vikliaev, "Theoretical and Statistical Problems Concerning the Capital Output Ratio for the Social Product," translated in *Problems of Economics*, 1972.
- 29 See Khachatorov, *op. cit.*, pp. 221-222.
- 30 See *SENP*, pp. 447-459.
- 31 See Dobb, *Soviet Economic Development*, *op. cit.*, p. 483. "Labor turnover and absenteeism, however, continued to be serious problems in the late 30's despite the efforts made to combat them by monetary inducements and fostering of new attitudes to work."
- 32 See Emily Clark Brown, "The Soviet Labor Market" in Bernstein and Fusfeld, eds., *The Soviet Economy*, R.D. Irwin, 1970, p. 213.
- 33 The now universally accepted view is that widespread unemployment as known in the West does not exist in the Soviet Union. This view is put forth in the CIA report, "Unemployment in the Soviet Union—Fact or Fiction,"

in H.G. Shaffer, ed., *The Soviet Economy*, Appleton-Century Crofts, 1969.

- 34 See for example, A.D. Kursky, "Economic Reform," p. 294-95, in *Soviet Planned Economy*, Progress Publishers, 1977.
- 35 Nove, *op. cit.*, p. 220.
- 36 See for example, T. Khachaturov, *op. cit.*, p. 80.
- 37 Some leftist Western critics, e.g. G.A.E. Smith (*op. cit.*), see the failure to employ large-scale lay-offs as rooted in the fear of the Soviet elite of a showdown with the increasingly combative proletariat. See note 20 of our view of this approach.
- 38 Nove, *op. cit.*, p. 42.

## Chapter V

# How Theory Number Two Abandons Historical Materialism

The second theory of capitalist restoration in the Soviet Union sees political developments as central. It does not rely on the facts of how the economy functions in the Soviet Union to prove that capitalism has been restored. Rather than seeing the period of 1953 to 1965 as the period of degeneration and the year 1965, the year of the Kosygin economic reforms, as the culmination of "all around restoration of capitalism," it sees the year 1956 as decisive. According to this second theory the period of degeneration was from 1953, the year of Stalin's death, to 1956. This culminated in the 20th Congress of the CPSU, where, Khrushchev first unfurled his full revisionist program. Sometimes both the 20th Congress and the 22nd Congress in 1961 taken together constitute the restoration of capitalism according to this theory. This view is summarized in the remark attributed to Mao Tsetung in 1964: "The rise to power of revisionism means the rise of power of the bourgeoisie" (*Leninism or Social Imperialism*, p. 14).

This theory of capitalist restoration starts from similar premises as the first theory, the existence of classes and class struggle under socialism. It sees the question of which will prevail as hanging in the balance: Everything depends on whether the leadership follows the capitalist road or socialist road.

The theory stresses the importance of the attitude of the leadership towards the remnants of capitalism.

Judging by the record in all socialist countries, it is not strange to find different sectors, including a private capitalist sector, existing in the national economy of a socialist country for a considerable period after the proletariat has taken political power. What matters is what kind of policy is adopted by the government towards the private capitalism—the policy of utilizing, restricting, transforming, and eliminating it, or the policy of laissez-faire and fostering and encouraging it. This is an important criterion for determining whether a country is developing towards socialism or towards capitalism. (p. 5, 3rd comment)

Similarly in the ninth comment, a large number of Soviet press reports on underground factories, embezzlement and fraud, selling of state property for private profit, black marketeering, etc. are cited. The comment continues: "There is nothing terrifying about this so long as the leadership of the Party and State remains a Marxist-Leninist one."

The third commentary of the CPC develops the argument that Yugoslavia is definitely a capitalist country. It attempts to argue this view on the basis of the statement of the 1960 Meeting in Moscow of 81 Communist and Workers Parties, which criticized Yugoslavia for its relationship with U.S. imperialism, its renegade activities, and as a "variety of international opportunism, a variety of modern revisionist 'theories' in concentrated form." The Chinese go on to ask:

Can a country be socialist when, as the statement says, it is guided by a variety of international opportunism, a variety of modern revisionist theories? Can a country be socialist when, as the statement says, it has betrayed Marxism-Leninism, and sets itself against the international communist movement as a whole?

Can a country be socialist when, as the statement says, it carries out subversive work against the socialist camp and the world communist movement? Can a country be socialist when, as the statement says, it engages in activities which prejudice the unity of all peace-loving forces and countries? Can a country be socialist when the imperialist countries headed by the United States have nurtured it with several billions of U.S. dollars? This is indeed out of the ordinary and unheard of. (p. 4)

The key aspect in the degeneration to capitalism is the *line* of leadership. "The struggle in the socialist countries between the road of socialism and the road of capitalism, between the forces of capitalism attempting to make a comeback and the forces opposing it—is unavoidable, but the restoration of capitalism in the socialist countries and their degeneration into capitalist countries are certainly not unavoidable. We can prevent the restoration of capitalism in the socialist countries and their degeneration into capitalism as long as there is a correct leadership and a correct understanding of the problem, so long as we adhere to the revolutionary Marxist-Leninist line, take the appropriate measures and wage a prolonged unremitting struggle . . ." (9th comment, p. 94).

Once the leadership has turned revisionist or leadership has been captured by revisionists, there is nothing that can be done—capitalism is restored. "The historical lesson is: Once its political power is usurped by a revisionist clique, a socialist state will either turn into social-imperialism, as in the case of the Soviet Union, or be reduced to a dependency or colony, as in the cases of Czechoslovakia and the Mongolian People's Republic" (*Leninism or Social Imperialism*,

p. 25). The line of leadership is absolutely decisive because as is noted in *Peking Review*, 1973, "Imperialism is the Eve of Social Revolution of the Proletariat," "The correctness or incorrectness of the ideological and political line decides everything."

Or,

"The Soviet revisionist renegade clique, made up of a handful of revisionist elements, is the embodiment of the interests of class enemies both inside and outside the Soviet Union. Seizing an opportune moment, these revisionist elements plotted a counter-revolutionary *coup d'état*, usurped Party and state power, pursued a revisionist line, and thereby brought about an all-around capitalist restoration in the Soviet Union" (*Ibid.*, emphasis ours.)

The pursuing of a revisionist line can, of course, take place anywhere, not just in the economic sphere. In fact, certain articles in the Chinese press cite the promotion of revisionism in the superstructure as the most dangerous sort of revisionism of all. One article, for example, wails that ". . . the Soviet revisionist clique is peddling such obscene American dances as Rock 'n Roll, the twist and other morbid and licentious dances to poison and corrupt the minds of the Soviet youth . . ." (1968).

## THE DIFFERENCES BETWEEN THEORY NUMBER TWO AND THEORY NUMBER ONE

We have seen that basing one's theory of the restoration of capitalism in the Soviet Union on an analysis of the Soviet economy has definite weaknesses. Those who put forth Theory Number One must inevitably omit, falsify, and ultimately, present a distorted picture of Soviet reality. Such extreme distortions are not necessary to variant two. One can do less violence to the facts. All one has to do is make certain theoretical revisions of Marxism and introduce some new definitions.

We now list some of the basic differences between the two theories. Despite its reliance on many ideas that came to prominence during the cultural revolution in China, Theory Number Two has become increasingly more important than Theory Number One to the proponents of the theory of restoration of capitalism in the Soviet Union.

1. It is important to understand that Theory Number Two is different from the economic variant. It has different premises, and stresses different events and facts. It dates the restoration of capitalism from 1956, at the time of Khrushchev's secret speech at the 20th Congress rather than 1965, the time of the Kosygin economic reforms.

2. It is able largely to avoid embarrassing questions which Theory Number One does not answer satisfactorily. It does not have to explain the social and economic process by which a new capitalist class emerged, consolidated itself and gained power. It merely has to identify those in the party with bourgeois ideas who are following the "capitalist road."



3. Theory Number One assumed the change from socialism, or more precisely, from the transition period back to capitalism, would be a drastic and dramatic one, with large-scale economic ramifications and class conflict. Nicolaus thus is compelled to exaggerate the degree of upheaval (unemployment, slowdowns and strikes, firings and discipline, etc.), and talk about the horrors of primitive accumulation reasserting itself. At the same time he has to explain the low level of violence, given the resistance one would expect to a counter-revolution. To Theory Number Two this is much less of a problem.

4. Classical Marxism sees socialism as an inevitable consequence of the dynamics and contradictions of capitalist development, and that while a given social formation could under specific circumstances suffer a regression back to capitalism, this would constitute a peculiar historical anomaly. Theory Number Two, in contrast, emphasizes the enormous tenacity, the inevitability of capitalist relations. They are so strongly embedded in the social order that even the seizure of state power by the proletariat does not seriously shake their domination. The new leadership can only very slowly and painfully move the society down the long road to socialism. By implication, the real differences between a capitalist and socialist economic order are slight for a long period of time. Thus, the policy of the leadership and its relations to the masses of the people become the key for deciding whether the society is socialist (i.e. moving in the right direction), or capitalist (i.e. moving in the wrong direction). More precisely, it is not the proclaimed policies of the leadership, which in any case always claims to be socialist, but rather the real, often hidden, political line which is key. It is the correctness or incorrectness of the political line which determines everything; revisionism in power becomes capitalism restored.

There are a number of sources which try to argue this political theory in an explicit manner, as opposed to the Chinese who move back and forth between both. *Red Papers 7* basically puts forth Theory Number Two, although in a rather crude and non-rigorous manner. The most ambitious elaboration of this theory is that of Charles Bettelheim. Bettelheim, who recently broke with the new Chinese leadership, has long been regarded as the most theoretically distinguished French Maoist and defender of the Chinese revolutionary process. He first achieved intellectual renown as an expert on theoretical problems of socialist planning, having much first-hand experience with planning processes in the Soviet Union, Cuba, and other post-revolutionary societies. He is very familiar with the Marxist classics—Marx, Lenin, Stalin—and his theoretical work is often based on a careful reading of their key works. His attempt to elaborate Theory Number Two is the most far-reaching articulation of these views available.

To focus on Bettelheim and to expose the fundamental errors in his views is thus to attack Theory Number Two in its strongest formulation.

To refute Bettelheim's views is at the same time to refute those cruder forms of this theory put forth at various times by the Chinese and others, such as *Red Papers* 7.<sup>1</sup>

## CRITIQUE OF BETTLEHEIM

Bettelheim's point of departure is unequivocally Marxist. He argues that every social formation has aspects and terminology that conceal (as well as ultimately reveal) how the social formation actually functions. In order to understand a social system, one must get beneath the appearance, unearthing the basic contradictions and characteristics that determine the society's nature and motion. Marx, as we know, argued that in capitalist society the wage system masks the exploitation of labor; money which seems to be a relation between things (i.e. commodities) is really a social relation (a relation among people), i.e. there is a fetishism of money. Similarly, Bettelheim argues that the existence of state ownership of the means of production, of central planning, and of other economic features commonly thought to be socialist, may in fact hide the real existence of a capitalist system and a newly emerged bourgeoisie. He argues further that the restoration of capitalism has, in fact, occurred in the Soviet Union (and in many other so-called socialist countries). Further, he argues that this in fact is largely obscured by the appearance of socialist forms (i.e. state ownership, planning, etc.) which continue to exist. In order to examine these contentions, we shall first attempt to briefly summarize his argument.

Unlike virtually all other restorationists, Bettelheim correctly identifies the lengthy nature of the transition period between capitalist and socialist society. He further indicates, correctly, that the transition period, taking place under the dictatorship of the proletariat, exists long after the economy has in its essential part, become collectively run. In addition, he notes, that the successful transition to socialism requires a very different world situation (p. 97, EC) than the present one.

Bettelheim goes on to assert that during the transition period, capitalist social relations continue to exist side by side with the emerging socialist relations. A sure indication of the existence of these capitalist relations is the existence of money, the value-form of commodities (p. 28, EC). He cites Engels to the effect that money will be abolished under socialism (p. 5, EC). The existence of money, Bettelheim insists, cannot be dismissed merely as a survival of capitalism (playing little actual social role) or as a mere accounting device used mainly for budgetary and monetary planning. Money is a commodity-relation; this relation must have a "bearer," (p. 140) in the form of actual capitalist relations of production.<sup>3</sup> He stresses that the value-form disappears with the disappearance of commodity production; its continued survival means the continued survival of commodity production.

In this context, it is, of course, highly significant for Bettelheim that workers are paid wages in money-form. This is a central feature of capitalism and indicates to him that labor-power still exists as a commodity, at least in part, during the transition period (p. 35, EC).<sup>4</sup>

Also of extreme significance for Bettelheim (and this is interrelated to the above factors) is his contention that the basic industrial units still function, at least in part, as capitalist enterprises (p. 118, EC). This is true in a two-fold way, both with respect to their internal functioning and their relations with each other (p. 71, EC). Internally, each enterprise disposes of fixed and circulating capital, buys and sells products, borrows from the banking system, disposes of liquid capital, etc. (p. 73, EC). It tends to be guided in this respect by the capitalist goals of increasing its own profit and getting a maximum return on its investment (p. 76). The authority over the economic unit is vested in the management, who tend to treat the workers as hired help, the former being the ones who give direction to the whole functioning of the unit. In addition, there is a highly developed hierarchy. Further, technical knowledge and skills reside in the hands of specialists and persons in authority, rather than in the hands of the manual workers.

Externally, there exist monetary relations of buying and selling between enterprises. Bettelheim denies that these have a purely accounting function. There is a tendency for the success or failure of an enterprise to be judged in easily quantifiable terms, which raises the importance of their profitability. In this context, the tendency of managers, who want to be successful (and Bettelheim argues that they have *de facto* possession of their economic units which can border at times on ownership) is to compete with other economic units for cheaper supplies, for the available labor and materials if there is a shortage, for higher prices for their products, and for generally favored status. In other words, there is a tendency to build an empire in competition with other empires.

There exists, of course, a national economic plan, or a series of overlapping plans (p. 128, EC) which regulates the functioning of the economic units, their interrelationships with each other, their relations with various other economic bodies (i.e., planning agencies, stores, banks, wholesale organizations, etc.). The plan, however, during the period of transition, must embody both the capitalist principle of the law of value and the socialist principle of maximizing "socially useful effects." These two principles correspond roughly to what Bettelheim terms monetary calculation and economic calculation.

During the transition period, these capitalist tendencies are held in check (and suppressed) and the socialist tendencies strengthened and expanded by a two-fold process:

First, the development of the socialist relations consist of the growing domination of the immediate producers over the conditions of production and their products. This takes place by continuous, broad, mass

struggles of the producers themselves that successfully revolutionize the units of production (see for example, p. 83, EC). Bettelheim feels that this process had operated in China since the Cultural Revolution, up until the time of the death of Mao and the purge of the so-called Gang of Four.

Second, the capitalist relations are held in check and the socialist relations strengthened by the intervention of the state apparatus, which supports the struggles of the producers, limits the "self-administering" character of the unit and its management, and makes a plan that is *a priori* (determines things in advance), rather than putting the stamp of approval on what is already the case. The plan must affect the actual running of the unit of production rather than merely be indicative, i.e., indicating a final result.

The success of this second task really boils down to the first. It can be accomplished successfully only if the workers control the state. This latter task is a constant and continuing struggle. Whether the workers are able to successfully carry out this struggle depends on the ability of the party to be rooted in the masses, to articulate and to concentrate their demands, and to unify and to lead their struggle. This ability of the party (based upon its relation to the masses) depends ultimately on its political line.

The whole transitional social formation is in a very delicate balance. It can move ahead towards socialism or reverse itself "at any moment" (p. 87, EC), retreating back on the road towards capitalism. It may even change direction from going down the socialist road to going down to the capitalist road without anyone having noticed any great structural changes in the functioning of the economy.

It is not necessary that a market be re-established and that the plan be weakened (as has happened, for example, in Yugoslavia) in order that capitalism re-establish itself. The plan itself can become a screen which merely follows and kowtows to the capitalist elements. A large centralized apparatus can become a sprawling bureaucracy with fiefdoms of capitalist domination. Whether the capitalist elements grow, whether the state becomes a bureaucracy over and above the masses depends largely on the factors stated above: the success of the ideological revolution, the increasing power of the immediate producers. But ultimately, and this is the key point, during the transitional period the growth towards socialism depends on the line, practice, even the "style" of the leadership. When the leadership changes, when there are no longer elements within the top leadership of the party which give active support to the ideological revolution of the masses, then the capitalist road has been taken, and the "all-round" (Bettelheim does not use these particular words) restoration of capitalism is inevitable.

Here it is appropriate to give a description of this process in Bettelheim's own words:

Historical experience shows that because of the weight of the dominant ideological relation resulting from centuries of oppression and exploitation and reproducing themselves on the basis of a **social division of labor** which cannot be revolutionized overnight, the political forms which are intended to enable the direct producers to organize themselves as a ruling class tend, if a systematic struggle is not waged against this tendency, spontaneously to transform themselves in the direction of an **"autonomization" of the organs of power, i.e., of a new separation between the masses and that state apparatus**, and consequently of a reconstitution of political relations of oppression and of economic relations of exploitation. During the entire period of transition, therefore, there is a struggle between two roads: the socialist road and the capitalist road.

To say that a transitional social formation follows the socialist road is tantamount to saying that this formation is engaged in a revolutionary process of transformation which enables the laboring masses to gain increasing control over their conditions of existence, i.e., which strengthens their ability to liberate themselves. (p. 60, *On Transition*)

On the other hand,

. . . if the state apparatus which owns the means of production (as a result of state control exists apart from the masses) and if, moreover, **this apparatus is not subject to control by a party which is linked to the masses, and which helps the masses to struggle to gain control over the use made of the means of production**, we then are faced with relations constituting a structure which reproduces the separation of the direct producers from their means of production. If under these conditions the relation between labor power and means of production is expressed through a **wage-relationship**, this means that the relations of production are **capitalist relations**, and that those who occupy leading posts in the central state apparatus and associated apparatus are, collectively, a **capitalist—a state—bourgeoisie**. (p. 59, *On Transition*, emphasis Bettelheim's)

In the preceding, we have tried to give an accurate summary of Bettelheim's position in a brief space. It may justly be argued that this is not really possible. Many of his arguments are filled with qualifications, value definitions, and changing terminology. Rather than going through all the problems in Bettelheim's argument, we will, in what follows, sketch the basic errors which make his position and similar positions (including the Chinese position) invalid.

## BETTLEHEIM'S METHOD

Bettleheim's method of analysis represents an inversion of the Marxist method. His starting point in determining the dominant mode of production in a society and the class nature of the state is not an analysis of the functioning of the economy. His starting point is rather the bourgeois (counter-revolutionary) political line of the Soviet leadership. Because they are bourgeois in their orientation, Bettleheim concludes that they are in fact a bourgeoisie. (If such conclusions automatically followed, there would be many more contented capitalists in America among the impoverished classes.) Thus, he concludes that the bourgeoisie holds state power. Having come this far, it is but a short step from having found the bourgeoisie in power to finding that the economic system which they run is in fact a capitalist system. But there is absolutely no attempt to argue systematically that any of the classical criteria for capitalism exist in the Soviet Union. This is, of course, a prudent course of action, since it is clear (at least from our research) that none of the fundamental features of capitalism do in fact exist there. Further, most of the features that Theory Number Two emphasizes (the methods of planning, the lack of democratic control, certain privileges, certain types of autonomy and illegal activity by the enterprise directors) have been relatively consistent features of Soviet economic life for the past 40 years. Such an approach may be prudent, but it is hardly scientific. Its idealism as such would have made Hegel blush.

Marx's method is to start from the level of development of productive forces, to view the dominant (and subordinate) modes of production, to look at the various classes within these modes of production, their relations to the productive forces and to each other. Next he looks at the class conflicts, the class interests, and which classes various leaders represent. Finally, he attempts to analyze and explain the political line they put forward. *The Eighteenth Brumaire* is, of course, a classic model for this approach. One will find little of Bettleheim in it. Marx's analysis of the Civil War in the U.S. (see the collection of his and Engels' writing in *The Civil War in the United States*, International Publishers) is another example. Marx looks at the position of the slave-holders at the Montgomery Secession Congress and decides that their call for a slave republic and the making of slavery the dominant form of labor in the United States was in fact their goal—it conformed with their objective class interests; slavery could not survive in this country unless it expanded and dominated. On the other hand, he rejects the claims of the Northern bourgeoisie that the war was merely to preserve the union, that it was for a return to the status quo. He says that the economic growth of Northern capitalism requires that slavery be abolished in the whole republic. Further, the very existence of the bourgeoisie is at stake. They must abolish the slave system, or themselves be banished to a mere peripheral

existence; thus, they are engaged in a revolutionary struggle, whether or not they say so, or even know it explicitly. Marx analyzes carefully the interests of the various classes (the slaves, the Southern whites, the Northern white workers, etc., and also the interests of workers and oppressed nations in other parts of the world) in the conflict. It is his analysis of the economy and the conflict between the two modes of production that is first and central. It is the direct relationship of the leaders of the main classes to their classes and to the modes of production that is primary. We must, if we are Marxists, be able to say how we know that the bourgeoisie is in fact the bourgeoisie as a result not merely of their ideas, their rhetoric, but the actual economic role they play and the interests they represent. Without this, Marxism flies out the window.

To put this point in further relief, we have only to look at certain of the debates around the nature of Nazi society. Its leadership was described as barbaric, pre-feudal, having destroyed bourgeois democracy and bourgeois society. The regime itself claimed at times to be anti-capitalist and "national socialist." Some argued that it was a new type of collective economy.<sup>5</sup> Many of these arguments were based on the propaganda and the policies of the political leadership of the Nazi Party. Other arguments were based upon secondary features of the economy (e.g. the degree of state intervention and planning, full employment, etc.). The Marxist approach (as is now clearer in retrospect) was first to analyze the functioning of the economy, to show that despite its differences with other contemporary imperialist states, it was basically similar to them structurally. (Bettleheim's own book on Nazi Germany attempted to do this.) Having established the general and specific features of the economy, and how the regime itself was a product of an attempt by the bourgeoisie to solve the contradictions of capitalism and stave off the revolutionary struggle of the working class, it was then possible to show the relationship of the Nazi leadership and the Nazi Party to the economy and the capitalist class. It was then possible to understand the particular forms of rule, the totalitarianism, the barbarism, and the extreme national chauvinism and anti-semitism. From there, it was possible to comprehend the functioning of Nazi ideology (such as it was), including the necessity for physically destroying its more radical opponents. To reverse this method of analysis would have been to abandon Marxism.

The analogies, of course, are not complete ones. It is certainly true that the transitional regime brings into play much more completely than in previous epochs the role of the "subjective," the conscious element. Lenin, himself, emphasized the importance of politics under the dictatorship of the proletariat. While this is true and must be accounted for, it is definitely not the case that the actual functioning of the economy and an examination of the "social conditions that determine men's consciousness" can be dispensed with. Such, however, and we cannot emphasize

this strongly enough, is the import of the approach of Theory Number Two.

Because Bettelheim, like all adherents of Theory Number Two, relies on a basically subjective approach, he is forced at times to retreat into certain mystical notions. Perhaps the best example is when he discusses planning. It is a basic conclusion of the Marxist analysis that the devastating effects of capitalism can only be overcome, the anarchy of social production can only be eliminated, when society as a whole takes control of the economy and runs it according to a plan (see, e.g., *Anti-Duhring*, p. 309, Engels, International Publishers edition). Bettelheim, of course, pays homage to this principle. But there are plans and "plans." How do we know that a plan is a "real plan," and not just a cover for the preservation of capitalist relations? At one point, he tells us that this cannot be discovered from looking at the "detailed and thorough-going character of an economic plan," (p. 121, EC) but by the "political and social conditions under which the plan is prepared and put into operation." The most important factor here is the real place of the immediate producers and their representatives in this process. It is a fact, however, that all plans in the Soviet Union, beginning with the first five-year plan, have been drafted in their essentials by "representatives" and experts. Thus, we are brought back again to deciding that a plan is only real if the line of the leadership is correct. But for Marxists "the reality" of a plan has to do with whether it actually controls the economy. The reason "plans" under even the most "statefied" capitalist economies are not "real" is that they are completely unsuccessful in putting an end to the anarchy of production, to preventing economic crises, to ending unemployment, etc. This problem of the objective criteria for whether a plan is "real" or not obviously bothers Bettelheim. Thus, he continually searches for such a criterion that would not allow the Soviet economy to qualify as "planned."

At one point Bettelheim says that a plan must contain "real objectives." (p. 126, EC) He says that these real objectives are defined because "maximum profit is no longer their 'objective,'" (Bettelheim's quotation marks). Yet, he cannot live with this criterion since by the next page he sharply takes the Cubans to task for not sufficiently taking into account their investment returns during 1966 and 1967. At another point he says that social considerations must dominate the tendency to maximize profit. Yet much of what is still positive about the Soviet economy (as well as many of its irrationalities) can be explained only on precisely this basis. At yet another point he says:

In real political practice it is clearly possible to distinguish between a proletarian practice and a non-proletarian practice. (p. 23, *On Transition*)

He goes on to tell us:



The former is constantly pre-occupied with "financial strictness," stable and declining prices, with raising the standard of living of the masses by lowering the prices of widely used consumer goods.

Yet as we have shown in Chapter III, it is precisely on this score that the position of the Soviet working class has improved most dramatically since the early 50's. On the criteria that Bettelheim has put forward above concerning proletarian economic practice, it is difficult to argue that China has been more "proletarian" than the Soviet Union over the past two decades.

### HISTORICAL MATERIALISM, SOCIAL DEVELOPMENT AND THE ROLE OF THE ECONOMY

In his introduction to Volume I of *Class Struggles in the USSR*, Bettelheim tells us that he is struggling against an "economist" version of Marxism, the one accepted by the Second International and which is, in his opinion, the basis of modern revisionism (p. 19-20). This is a worthy project. Bettelheim is correct, in our opinion, in identifying the economic determinism that underlies both the revisionism of the Second International and Soviet revisionism. The revisionism of the Second International was based on the explicit argument that revolution was not necessary. The natural development of the productive forces would inevitably lead to the transformation of the economy towards socialism and political power for the working class within the confines (and without overthrowing) the bourgeois state (see e.g., Eduard Bernstein, *Evolutionary Socialism*, Schocken Books, NYC, 1975). Khrushchev's revisionism is based on the premise that the economic development of a Soviet society by itself would allow the USSR to surpass the United States economically, and to further lead to the development of a full-blown communist society in and of itself. All that was needed was not to rock the boat: ergo, peaceful co-existence and peaceful competition leading to worldwide peaceful transition from capitalism to socialism. For these revisionist theories based upon a crude economic determinism, the Soviets have been justly criticized. They have also shown a marked obtuseness to the need to struggle against bourgeois decadence and the crass possessive individualism of bourgeois society. For this, they also have been justly criticized, by the Chinese in particular.

While it is true that man cannot live by bread alone, it is even more true that he cannot live without bread. We will argue that Bettelheim in attempting to struggle against what he calls "economism" actually ends up struggling against the "economic." Thus, he completely avoids any discussion of the economic pre-requisites for the transition to socialism and how the level of economic development determines and shapes the problems of "control by the immediate producers" and the "relation of the party to the masses" and the correct line of the leadership.

Let us first note that Bettelheim does in one or two lines pay homage to this problem. For example, on p. 150, EC; he argues that the plan must be dominated by the:

. . . requirements of the construction of socialism. This construction implies the increasing control of immediate producers over production and also, therefore, the development of production in terms of present and future needs of producers . . . [what is meant is] also what is necessary to the growth of production and for everything that is needed for the growth and consolidation of the workers' state, including what is needed on the international level—the totality of these requirements and needs being evaluated politically.

He also tells us that he sees the struggle between socialist methods and capitalist methods as "dependent on ideological and political relations, and, in the last instance, on the level of the development of the productive forces." (p. 127) Almost no place else in the whole book is the question of economic development, of the economic pre-requisites for communism or socialism, or for the completion of a successful transition period even mentioned. He does tell us at one point (p. 117, EC) that he made too much of these pre-requisites in an earlier work, but that is that.

For Marx, however, the anti-social traits of individuals, the anti-democratic and bureaucratic forms of social domination (that Bettelheim is quite rightly concerned about) cannot be overcome under socialism without a tremendous development of the productive forces. Bettelheim, on the other hand, tells us:

What is happening in China proves that a low level of development of the productive forces is no obstacle (our emphasis) to a socialist transformation of social relations.<sup>6</sup>

This is quite a peculiar position for a Marxist. Marx explicitly says exactly the opposite. One form of social relation that everyone agrees must be transformed is bourgeois right. Marx says: "Right can never be higher than the economic structure of society and the cultural development thereby determined." (p. 10, *Gotha*) Lenin quotes Marx approvingly and emphasizes the same point.

Bettelheim singles out one aspect of the requirements for communism, the abolition of money. The focusing on money without understanding the economic pre-requisites for its abolition has always been a utopian concern, beginning with its expression in the writings of certain utopian socialists, including the utopianism of the "left" Bolsheviks who thought that the destruction of the monetary system under War Communism, during the Civil War, was a step towards communism, rather than a result of economic chaos.

Marxism posits a dialectical relation between the growth of productive forces and the growing control and the growing potential for control over these requirements for the production and reproduction of human life.

Bettleheim's approach leads him to emphasize only one aspect of the dialectic even in those cases where it is most obvious. For example, Bettleheim presents us with certain key passages from the *Grundrisse* (see for example, p. 40, EC). These passages are the ones often pointed to (pp. 700-708, *Grundrisse*) to highlight this relation between the development of the productive forces and freedom for mankind under communism. Here, Marx argues that labor-time will no longer be the measure of human wealth under communism. The economy will be so developed and automated that the production of all the material needs of life will take so little time that only a small percentage of collective human time and energy will be needed to watch over the economy. At this point, human beings will have overcome the material basis of their competitiveness, selfishness and acquisitiveness (all products of the struggle for existence); bourgeois right will recede into the historical museum. Man will give to society willingly according to his ability, and will take from society (which has more than ample material wealth to satisfy all normal needs) what he needs. Bettleheim reads these passages, quotes certain of them to us, and presents the idea that under socialism, real social wealth cannot be measured by the law of value (based on labor-time), which is expressed in the money-form. Rather, it must be based on "socially useful effects." True enough. But the key question is how do we get there. It has become clear to us that economic development **alone** will not get us there; but it is a pre-requisite. The way economic development takes place is clearly crucial. But nowhere does Bettleheim choose to even mention, no less fully discuss, these critical problems of the transition period. We contend that his method leads him to liquidate them theoretically, thus distorting Marxism itself.

## THE NATURE OF CAPITALISM

As a consequence of his subjective method (and his goal of proving capitalism exists in the Soviet Union), Bettleheim, like other advocates of Theory Number Two, substitutes for Marx's analysis of capitalism a definition of his own. Bettleheim in fact has several definitions all quite vague, and necessarily so, intended to allow him to accomplish his main task. These definitions are tailored so that certain things which exist in the Soviet Union (or can be reasonably asserted to exist) can serve as defining **properties** of capitalism. Further, certain things which do not exist for all reasonable observers, which unfortunately does not include the proponents of Theory Number One, must be made to appear as secondary and non-essential features of capitalism.

Unfortunately for such a project, Marx himself is quite explicit in his definition of capitalism. To quote (Vol. III, pp. 879-881):

Capitalist production is distinguished from the outset by two characteristic features.

First. It produces its products as commodities. The fact

that it produces commodities does not differentiate it from other modes of production; but rather the fact that being a commodity is the dominant and determining characteristic of its products. This implies, first and foremost, that the laborer himself comes forward merely as a seller of commodities, and thus as a free wage laborer, so that labor appears in general as wage labor . . . .

The second distinctive feature of the capitalist mode of production is the production of surplus value as the direct aim and determining motive of production. Capital produces essentially capital, and does so only to the extent that it produces surplus-value . . . .

First, Bettleheim relies on the ambiguous assertion that the capitalist mode of production is characterized by the wage relation (p. 35, EC). If Bettleheim means that capitalism is characterized by the fact that the worker receives consumption goods in exchange for his labor, then this is contrary to Marx who holds that this relationship is true even in the initial stage of socialism. If, on the other hand, Bettleheim means by the wage relationship that labor power is a full commodity, then this is part, but as we have seen above, only one part of Marx's definition. Unfortunately, Bettleheim's arguments depend rather crucially on such unresolved ambiguities.

Using the above characterization, Bettleheim goes on to assert that capitalism is the separation of the direct producers from the means of production and the products. This formulation is deceptively vague, depending on what meaning one gives the term "separation." In general, Marx emphasizes the separation of the immediate producers from the means of production as a pre-requisite for the creation of a class of free laborers, not as a definition of capitalism. (There are, of course, other pre-requisites including the primitive accumulation of capital, a certain degree of development of commodity exchange, a level of technological development, etc.). In England, the main example for Marx, it was the forcing of the peasants off their land, the expropriation of land by the enclosure movement. In Russia, similarly, the rise of capitalism was partly based on the forcing of masses of peasants off their land and into the cities upon pain of starvation. This "separation of the immediate producers" created a "free" laboring class with nothing to sell but their ability to work, to sell their labor-power. It was this "separation" which was historically the most important in creating the proletariat.

Despite its violence, Marxists regard this separation as historically progressive. With the separation came the destruction of primitive means of production and techniques (hand looms and subsistence farming). To be re-united with these means of production would be historically reactionary. Still, "the separation of the immediate producers" did lead to the creation of a vast economic system that, on the

one hand, led to enormous development of social wealth, but, on the other hand, led to a greater inability to control the economic processes by both the capitalists and workers alike (although, of course, it was always the workers who suffered the consequences). The regaining control of the social process of production (and **in this sense**, re-uniting the producers with the means of production and products) is the historic task of the working class. By eliminating the capitalist class, the workers are able to regain control of the economic processes which have run amok and eliminate the anarchy of production by means of a coordinated plan, develop the means of production rationally, and begin to allocate resources in a way that is ultimately more beneficial to society as a whole. There is nothing mystical in these notions, no question as to what it means to re-unite the workers with the means of production.

Bettleheim's emphasis when discussing the overcoming of the separation of the immediate producer from the means of production is not the overall social control of the productive process and overcoming the anarchy of capitalist relations, but rather the dominance of the direct producers at the enterprise level. Thus he tends towards an anarchist-syndicalist conception of workers control. Such a position did have influence in the Soviet Union shortly after the Bolshevik revolution.

After the Bolshevik Revolution, workers control was established in large numbers of factories. Against the wishes of the Soviet government (which understood the importance of setting industry back on its feet in an efficient manner, even if this meant letting the old capitalists run it), workers began seizing plants, chasing out the owners, and running the factories themselves. The Soviet government attempted, unsuccessfully, to discourage this anarchic behavior, since it greatly disrupted the economy. At the beginning of the Civil War in the summer of 1918, such control by the immediate producers was a luxury that could not be afforded, and some measure of central planning and allocation of resources was asserted. Throughout this period, up to and including the Kronstadt Mutiny against the Soviet government, the charge was repeatedly made by the anarchists that capitalism had been restored, that the separation of the immediate producers from the means of production had been re-established. We do not in the least want to slight the importance of various forms of democratic control by workers within the factories and productive units, both for the running of those units and the society as a whole. In many respects, it is the latter that is most crucial (and, this is **one** of our major criticisms of **all** the existing transitional regimes). Yet, the lack of any **effective** democratic control (and this lack of control was well-developed in the Soviet Union before Lenin died, as he himself noted, and throughout the period of Stalin's leadership), is not a Marxist criterion for the existence of capitalism.

Bettleheim, as we have noted previously, for all his talk about the control by the immediate producers, does not hang his hat here either as

the definition of capitalism. Although he sees it as more progressive for the immediate producers to be in greater control, he accepts that it can be non-capitalist even with them not in control. He notes that there can be a form of surrogate control by the party. If the party has the right line, if there are still Marxist-Leninist elements in the top leadership, then the restoration of capitalism has not taken place, the transitional regime is still on the "socialist road." This brings us to the heart of the theoretical system of all proponents of Theory Number Two—their claim that the transitional regimes are, in a sense, state capitalism under the dictatorship of the proletariat, that they can change into state capitalism under the dictatorship of the bourgeoisie at a moment's notice, and that there can be a "state capitalist ruling class" in the form of top party and governmental leaders constituting a bourgeoisie, not as private owners of individual capital, but as the collective owners of social capital. We must now examine this claim.

### IS STATE CAPITALISM POSSIBLE?

The answer to this question, like the answer to most questions, depends on our definition of terms. Under the growth of the imperialist stage of capitalism, capital becomes highly concentrated. Small capitalist tend to be eliminated, and a smaller and smaller number of capitalist groups tend to dominate the society as a whole. With the concentration and centralization of capital, the national government begins to change its role. No more does the state claim a *laissez faire* attitude, but more and more, one of economic coordination and intervention in the economy. The system of "Keynesian" controls, government regulation by fiscal (budget) and monetary (money production, interest rates, etc.) devices becomes a characteristic of all imperialist countries. This development has been described as state capitalism, or state monopoly capitalism. Conservatives have described the various social services (welfare, unemployment insurance, "socialized" medicine as in Britain and other countries) as "creeping socialism"; so have many Social Democrats. Both have also pointed to features of actual government ownership of sections of the economy as examples of "creeping socialism." The proponents of state-capitalism theories have, of course, described these government-owned sections of the economy (e.g., the post office, railroads, steel in England, coal in certain countries) as state capitalist ownership. But, in all these cases under imperialism, the banks and major means of production (agriculture, factories, mines, etc.) remain in the hands of private capitalists or capitalist groups. In this sense there obviously can be, and, in fact is, state capitalism.

Why do these features of social ownership or state-ownership exist under capitalism? Simply, the government generally only takes over those unprofitable, but vital services (e.g., the post office) and industries

(railroad, steel in England, often coal). Sometimes they subsidize necessary ventures, which require too much risk for an individual capitalist to undertake (e.g., certain research, space exploration, etc.). But these government interventions and forms of direct ownership are only undertaken to aid the private accumulation of the major private capitalist groups. The reason for stable services (e.g., in a country like Sweden) is more obvious. They are both the products of the working class struggle, and the necessary pre-requisites for a high level of productivity from a highly-trained, relatively well-educated, technically-skilled labor force. Even in those countries where services are extensive (e.g., Sweden, or even England) or government ownership has been widespread (e.g., Nazi Germany), individual capital is still relatively easily identifiable both in person (the Krupps and their ilk in Nazi Germany), in their interests, in their functioning, and their domination of the economy. Further, there is often central planning of a type under this form of state capitalism. But, one characteristic of this planning is that it always fails to eliminate the anarchy of production, that it can never control the economic cycle, eliminate crises or structural unemployment. Marx says in *Capital III*, p. 118:

All thought of a common, all-embracing and far-sighted control of the production of raw materials gives way once more to the faith that demand and supply will mutually regulate one another. And it must be admitted that such control is on the whole irreconcilable with the laws of capitalist production, and remains for ever a pious wish, or is limited to exceptional cooperation in times of great stress and confusion.

Engels then notes in a footnote,

. . . it goes without saying that these experiments are practical only so long as the economic climate is relatively favorable. The first storm must upset them and prove that, although production assuredly needs regulation, it is certainly not the capitalist class that is fitted for that task.

(*Emphasis ours.*)

To argue that the capitalist class is fitted for the task is a total rejection of Marxism. To Marx there cannot be "real" planning, i.e., planning that effectively controls the anarchy of production, under capitalism.

Yet, those who argue Theory Number Two mean that state capitalism exists in the Soviet Union in quite another sense from that which we have previously described. What they mean is that there is a capitalist class that is a single group (i.e., that it competes with no other group or capitalists as capital) that controls or runs the economy of a whole country through the state. The proponents of Theory Number Two (as well as others) have argued that it is possible for a ruling group in a "socialist country" to emerge, seize control of the party and the state,

and to run the economy on a capitalist basis. In this latter sense, i.e., a capitalism which functions without competition between major capitalist or capitalist groups, state capitalism is only possible in the imagination. We would argue that state capitalism of this type is a **total contradiction in terms**, a rejection of basic Marxist tenets, and hence, a departure from the real world.

Let us first offer some quotations from Marx, not as "proof," but as initial grist for our discussion. Much has been made by certain advocates of the "state capitalist" theories that Marx often refers to social capital, the total capital (whose characteristics do not depend on the characteristics of specific individual capitalists). This capital is pictured by the advocates as potentially or in fact homogenous. Marx, however, notes in many places that this is not so. For example, in discussing the role of money-capital (Vol. II, Chapter XVIII, p. 353, Progress Publishers, ed.), Marx says that, "social capital . . . functions only in the form of many capitals." In the *Grundrisse*, he is much more graphic; explaining why this is so.

. . . conceptually, competition is nothing but the inner nature of capital, its essential characteristic, appearing and realized as the reciprocal interaction of many capitals with one another, the inner tendency as external necessity. (Capital exists and can only exist as many capitals, and its self-determination appears, thus, as the reciprocal interaction of each with one another.) (p. 414, *Grundrisse*, Vintage ed.)

Capital is a concept whose development and functioning are governed by certain laws, i.e., it has a logic. We will argue, along with Marx, that "state capitalism" (as the term is used by all restorationists who refer to this notion) is incompatible with Marx's analysis of capitalism. The pivotal point in understanding this incompatibility is comprehending why 1) Capital can only exist as many capitals, and, 2) Competition is the "inner nature of capital." These two closely related characteristics obviously exclude the possibility of one state-capital.

Capitalism, as we have mentioned earlier, is defined by Marx as generalized commodity production. Thus, Marx begins his analysis of capitalist production by an analysis of its most elementary unit, the commodity.

To be a commodity, an object must be produced for exchange. It must have a use for someone other than the producer. Thus, commodity production itself requires many commodity producers, many commodity exchangers. No one produces commodities to exchange with themselves. This would deprive the term of all meaning.

Under generalized commodity production, i.e., where labor power has become a commodity, two classes of commodity-owners confront one another in the market, the propertyless laborers who have only their



labor-power to sell on the market, and the capitalists, who own the means of production. The latter, by their ownership of the means of production, lay claim to the commodities produced by the laborers.

If one looks merely at the process of production of commodities, the process whereby the capitalists extract surplus-value from the workers in their factories, and appropriate the product of unpaid labor for themselves, it is perhaps possible to conceive of a capitalist system which is one big factory, with just one boss.

But, to attempt to conceive of a capitalist system that could function in this manner, would be to fail to understand capitalism; it would leave one unable to account for the way capitalism functions. For capitalism is based on the unification of the sphere of production and the sphere of circulation. Although the process of production of surplus value is essential to the capitalist system, even primary, this process of production cannot be understood separated from circulation. In *Capital I*, Marx notes that capital originates both in circulation and not in it (p. 165). At the end of Volume III, he says: "The characteristic 1) of the product as a commodity, and 2) of the commodity as a product of capital, already implies all circulation relations . . . ." (p. 858). While Marx places his main emphasis on Volume I on examining the process of production of capital, in Volumes II and III, he places his main emphasis on the processes of circulation, capital in the former and money in the latter. It is in the spheres of circulation that competition takes place, where the dynamic of the system and the character of the production process are shaped. While value is created in the sphere of production, it is **realized** in the sphere of circulation.

It is the competition of many capitals in the spheres of circulation, the absolute need of each capitalist to sell his commodities on the market, to realize the maximum amount of profit that gives the capitalist system its character.

As Marx and Engels stress in the *Manifesto*, the whole motive for the expansion of capital, for the seeking of greater markets (and a greater share of the existing markets), for revolutionizing the means of production is greater profits (Stalin makes this point quite sharply in the *Economic Problems of Socialism*). But this drive for greater profits (on pain of extinction) is caused by the competition between different capitals. Under competitive capitalism, the many capitalists in each sphere strive to increase their production and lower its unit cost (that is, of course, one of the progressive features of early capitalism). Those who fail to keep pace, who fail to modernize (investing the necessary capital to do this) and to expand are swallowed up or driven out of business. Under imperialism, the highest stage of capitalism, competition, under new forms, but nonetheless cutthroat, emerges. Recent failures of large banks, the bankruptcy of Penn Central several years ago, point to the

ever present possibility that Chrysler and American Motors will go the way of Studebaker-Packard and Willy's. Competition between monopoly groups is ever present in the imperialist world, in its economics, in the legislative halls of Congress and presidential politics. and in every other sphere of contemporary life that one cares to examine carefully.

Imagine what would happen to a capitalist who tried to rest on his laurels, who merely wanted to maintain his current profit and not worry about the competition. A ruthless competitor, who had developed or obtained a means of producing the product more cheaply, and who was willing to invest the extra capital to do it, would sell the commodities more cheaply and steal our first capitalist's customers. The first capitalist would have to sell at a loss, and, if he did not rapidly mend his ways, appear in bankruptcy court.

Let us now suppose that our first capitalist does not feel the pressure of competition. There would be a tendency towards waste and inefficiency. The drive to ruthlessly exploit his workforce, to cut corners at all costs, would be gone since the pressure of his competitors, potentially undermining his survival, are now gone. Under capitalism, an industry without competitors that was producing high profits would soon find them. Even an industry producing low profits inefficiently would likely find a competitor who would try to produce higher profits more efficiently. Capitalists with money to invest always invest in those areas where higher profits appear most likely (e.g., see CIII, p. 742). The type of inefficiency and waste that comes from not having competition from other capitalists is precisely that which exists in the Soviet Union. Because the system has no internal logic to maximize profit (i.e., it is not capitalist), and since it possesses none of the proletarian-democratic forms that would allow the actual producers a role in running the economy, all sorts of incentives, prods and punishments are placed before the managers in order to get them to produce the amount and in the manner desired by their superiors.

Most of the basic laws of capitalism flow directly from the competition of many capitals with each other—the inevitability of overproduction crises, the reserve army of the unemployed, the formation of an average rate of profit, the tendency of the rate of profit to fall. These laws result from the attempt by the capitalists to sell their products in the market at the highest price available. This drive to maximize profit is inexplicable without the existence of the competition of many capitals.

Thus, the state capitalism analysis is only possible for those who "forget" the analysis of Marx in *Capital II* and *III*, as well as certain "inconvenient" parts of *Capital I*. This, of course, is precisely what Charles Bettelheim does. He sees the market as a surface phenomenon which hides the functioning of the capitalist system, and, is in no way essential to it. Such a view leaves one unable to comprehend the working

of the capitalist system as a whole. It is the viewpoint of the system from the standpoint of the interior of a single enterprise. Mired in the interior of the enterprise, we, of course, only see one capitalist, the boss. Such a standpoint leaves one with a truncated and distorted understanding of capitalism, an understanding that has traditionally been associated with syndicalism.

Bettleheim is a pessimistic syndicalist. He emphasizes how difficult it is to overturn the old capitalist relations. At the same time he insists that the only real revolution is the revolution on the shop floor. He of course is not an anarchist. He sees a role for the proletarian state and the proletarian party, but this role is essentially to lead the class struggle at the shop floor. In his view the tasks of transforming the relations of appropriation and circulation are secondary and flow from the primary task.

Marxism puts forth a much more profound and complex analysis of capitalism. Bettleheim in characterizing the fundamental contradiction of capitalist and post-capitalist societies as "domination or non-domination of the producers over the conditions and results of their activities," (*op. cit.*, p. 40) abandons Marxism and passes over to syndicalist terrain. It is from there that he must embrace the incoherent and anti-Marxist notion of state capitalism.

Immediately, we can hear another objection pushing itself forward. Lenin himself talked about state capitalism under the bourgeoisie and also state capitalism under the dictatorship of the proletariat. How did Lenin, as an astute Marxist, reconcile himself with the above analysis?

The answer to the first part is quite simple, the second a bit more complicated. Lenin saw state capitalism under the bourgeoisie much as we have described it in the beginning of this section, not as the restorationists imagine it. As many of his remarks indicate, he was extremely impressed with the degree of centralization and state intervention in the economy in Germany (e.g., Vol. 27, p. 294, "Session of the All-Russia C.E.C., April 29, 1918). He noted the existence of compulsory trustification during the war, the need to develop a type of planning to allocate raw materials and even labor. The centralization of the banking system and its intertwinement with the government were additionally important. All these things foreshadowed socialism and laid the groundwork for a smooth transition to a planned economy.<sup>7</sup>

Yet, Lenin was absolutely clear that this type of state capitalism did not mean the elimination of competition or create the possibility for any type of effective planning (even though the bourgeoisie wanted this). (See Vol. 32, p. 140, "Integrated Economic Plan," February, 1921.) For these reasons, none of his remarks on state capitalism under the dictatorship of the bourgeoisie give any indication that he thought that state capitalism in the terms used by the restorationists was possible.<sup>8</sup> They were merely necessary functions needed to protect the profits of the

real capitalists. What Lenin did see was that the world crisis of imperialism brought on by the war, required more of these auxiliary measures by the state, and that these measures provided the framework, particularly in Germany for an easy transition to planned economy. Lenin said many times that he wished that they had that type of state capitalism in Russia.

The question of state capitalism in relation to Russia took on a different character after the Bolshevik Revolution. It was raised, in the months after the seizure of state power, not initially by Lenin, but by certain "left" communists. They began to claim that capitalism was about to be restored in the form of a state capitalism. Lenin first replied to these critics in an article published May 5, 1918, "'Left-Wing' Childishness and the Petite-Bourgeoise Mentality." (Vol. 27, p. 323) In this article Lenin argued that those who identified the main source of danger that could cause the restoration of capitalism as coming from "state capitalism" misunderstood grossly the problems of the Soviet economy and the current tasks of communists. Lenin went on to analyze the present Soviet economy. He said it was a mixed economy with five elements: "1) patriarchal, i.e., to a considerable extent natural, peasant farming; 2) small commodity production (this includes the majority of peasants who sell their grain); 3) private capitalism; 4) state capitalism; 5) socialism." By state capitalism Lenin clearly meant the use by the proletarian state of **private entrepreneurs** in order to maintain and develop production. Specifically, he was referring to the leasing or turning over to private capitalists of state-owned facilities and exclusive trading privileges.

Lenin argued that the main source of the threat of restoration, and more importantly, the main source of disorganization, the main threat to the working class ever seizing control of the economy came not from the state capitalism but from the small commodity producers, who made up the vast majority of the population. In the struggle against small-commodity production and profiteering, state capitalism would be a decided advantage. The specific forms of "state capitalism" were, according to Lenin, "The shell of our state capitalism (grain monopoly, state-controlled entrepreneurs and traders, bourgeois cooperators)," all economic forms which organized and controlled small commodity production. The strengthening of this state capitalism would be a step forward. It would help create economic order and make more possible socialist accounting and control. It was these latter things that were emphasized so strongly by Lenin as the bedrock of the transition period. Those who saw the danger of restoration as coming from state capitalism, rather than small commodity production misunderstood the tasks and their priorities during the transition period in Russia. Thus, state capitalism was a small sector of the economy (too small according to Lenin), not a characterization of the economy as a

whole. Lenin stressed that if the Russian economy already had the concentration of industry and banking that existed in Germany and the auxiliary economic institutions to coordinate the economy, whose absence necessitated the introduction by the Bolsheviks of state capitalist mechanisms, a good part of the work of the transition period would be already completed. Those who attacked the introduction of state capitalism in the Soviet Union did not understand the economic pre-requisites for socialism.

It should be clear from this discussion that the question and role of state capitalism in post-revolutionary Russia was, as analyzed by Lenin, fundamentally tactical. He was concerned to develop state capitalism—the use of private capitalists by the proletarian state—as a mechanism to speed social development. This has absolutely nothing to do with the restorationist use of the term “state capitalism.” What they have done is borrow Lenin’s terminology and applied it to a wholly unrelated concept. In this way, they have sought to give their shabby and incoherent notions some legitimacy. While this sleight of hand may have been unintentional on the part of some of the more ignorant proponents of the restoration thesis, it can only be deliberate mystification on the part of the more knowledgeable proponents such as Bettelheim.

This is reprehensible not because it represents a departure from Marxism. Those who depart from Marx openly, and argue their departure intelligently, do the working class movement a service, even though they are almost always wrong. They do the movement a service, because by openly challenging Marxism they put it to the test, forcing Marxists to develop Marxism and push it forward. Marxism as a living science can only develop through struggle and challenge. Those, however, who while departing from Marxism seek to cover this departure through the misemployment of Marxist terminology and distortion of Marxian concepts do the movement a great disservice. Such maneuvers and devices lead to the degradation and discrediting of Marxism itself. When such efforts have the support of the most prestigious and powerful Marxist-Leninist organizations in the world they can only result in a profound setback for the working class movement.

## FOOTNOTES

- 1 Most important of his works in this respect are *Economic Calculation and Forms of Property* (1975) and *On the Transition to Socialism* (1971), both published by Monthly Review (MR) Press; the former was originally published in French in 1970. Also of relevance are his *Cultural Revolution and Industrial Organization in China* (MR Press, 1974?), *The Transition to Socialist Economy* (Harvester Press, the translation of a collection of essays written from 1962-67), and his large-scale *Class Struggles in the USSR, 1917-1923* (1976, trans. of French ed.) and *Volume II* (1923-1930, 1978) both published by MR.
- 2 In the Preface, *Economic Calculation* . . . (xii) makes this point quite explicitly. As the title of his work with Sweezy indicates, a large amount of his attention is precisely directed towards analyzing the problems of these transitional regimes.
- 3 Although we are giving specific page references, the main argument is given in the course of Chapter 2, Part I, entitled "The 'presence' of commodity categories."
- 4 For example, Bettelheim says (p. 138, EC): "It is precisely the existence of the value form particularly in the process of production, and through this, the existence of capitalist relations of production, particularly the wage relation, that makes possible the 'retreat' of the political level's intervention and the resurgence of a market economy." (All emphasis Bettelheim's.)
- 5 *Red Papers* 7 seems to take the position that Nazi Germany was a state capitalist economy where the Nazi Party through its control over the state held the capitalist class under its control. In return for the lack of freedom that the capitalists had, the Nazis assured them lots of profits, and elimination of smaller competitors. The reverse, is more nearly the case, as Palme Dutte, so vividly points out in his *Fascism and Social Revolution* (Proletarian Publishers, Chicago, 1973). Even the work to which they refer (Franz Neuman's *Behemoth*, Harper and Row, New York, 1966), makes this point in a less sharp way.
- 6 *Class Struggles in USSR, 1917-23*, p. 42.
- 7 See, e.g. Volume 27, p. 268.
- 8 Volume 33, p. 378.

## Chapter VI

# On the Possibility of the Restoration of Capitalism and Concluding Remarks

The question may legitimately be asked: Is the restoration of capitalism possible in a "socialist" country? And if it is, how could it take place. Perhaps, having shown patience up to this point, the reader will allow us a certain amount of indulgence in characterizing certain responses to these question. We think that there are two theoretical absurdities: 1) That restoration is impossible. 2) That if it took place it would be a quiet process that was not accompanied by bloodshed and massive violence, visible for the whole world to see.

First, as to its possibility. There have been a number of socialist revolutions that were, in fact, overthrown by internal counter-revolution. Soviet Finland and Soviet Hungary, both of which were established as the result of proletarian revolutions allied with the Bolsheviks were overthrown in 1918, shortly after having established power. They both initially suppressed the capitalists and the landlords, but were in turn overthrown by them. But perhaps the choice of these examples is not fair to those that say that "socialism" cannot be overturned (e.g., *Socialism in the Soviet Union*, Jonathon Arthur, p. 6, *impassim*). These regimes had not really established themselves. Perhaps the overturning of a social system that has actually established its mode of production is impossible.

But, surely, it is possible for historical progress to be set back, even if the ultimate and inevitable trend is forward towards a world communist society. None of us would deny that nuclear war is possible. If such a nuclear war were to take place then, it is certainly possible that mankind, in general or at least certain parts of the world (assuming there were any survivors and historical and biological development did not have to begin totally anew) would find themselves in a more primitive mode of production, with a more primitive social structure than exist today. Let us further reconsider another historical example we mentioned previously, the U.S. Civil War. If the Confederacy had defeated the North, what would have been the consequences? Marx believed that the whole economic development (with the emerging industrial capitalism and the powerful Northern bourgeoisie) of the U.S. would be reversed for a long period to come. He further felt this would arrest

historical development on a world scale. Was it, for this reason, impossible that the Confederacy would win? Engels believed that they were certain to win (note his letters in 1862 and 1863 to Marx) (see *Civil War in the U.S., op. cit.*) Marx disagreed. He felt that the industrial might of the Union forces made it more likely that the North would win. Upon such evidence we feel justified in asserting that the notion that historical progress is never reversed in a thesis that has no basis is the Marxist understanding of historical development.

Where we disagree with the restorationists, however, is on what it would take to reverse historical development. History knows of no such changes that have taken place without great violence. Why is this the case? The assumption by Bettelheim and others, although they never say so explicitly, is that socialism goes against the grain of history, that it is an unnatural condition, that all the spontaneous forces work for the restoration of capitalism. If the leaders take the incorrect line, then the spontaneous forces inevitably triumph. This, also, we contend, is an un-Marxist position. First, it is the forces of capitalist development that heighten the contradictions of capitalism. The growth of the forces of production under capitalism lead to greater irrationalities, to heightened contradictions. Waste, destruction of the productive forces, inability to control the elementary forces of the economy grow, since the capitalist relations of production act as fetters on the rational use and growth of the economy. The overthrow of capitalism is the historic breaking of these fetters and the beginning of economic rationality. But, and this is especially important, under capitalism large sectors of the working class and peasantry face severe oppression, hunger and total instability. Much of the rest of the population faces the oppression, irrationalities and uncertainties of capitalist life. The overthrow of capitalism that took place in the Soviet Union is one of the most fundamental social transformations that mankind has realized, precisely because it allows for the abolition of these fundamental contradictions of capitalism. It is inconceivable that someone who holds that the history of mankind is the history of class struggle could believe that such a momentous social transformation could be reversed without massive and tumultuous class war, and even worse, that none of us would know for sure that it had happened.

We believe that there are certainly restorationist tendencies in the Soviet Union as well as all other "socialist" countries. The 1965 reforms in particular strengthened these. Those aspects of the reforms (e.g., those which might have given greater autonomy to the enterprise management and greatly enhanced the role of profit) were largely sabotaged by the party and planning apparatus, because they went against the logic of the rest of the system. If the enterprises and their managements had gotten complete autonomy, if they had gotten freedom to sell and trade in the means of production, if they had gotten freedom to retain the profits of



enterprises for their own use, if they had gotten the unlimited right to hire and fire workers to increase these profits, if they had gotten the right to change their production to satisfy demands from a competitive process, then we could say that the capitalist elements had indeed gotten in a strong position. But then, the effects would be there for all of us to see. We would not, as Nicolaus and others have been forced to do, have to conjure quotes up, lift them out of context of academic journals, and make them appear to say things that they do not. We would see unemployment, capital being invested abroad in more profitable labor-intensive markets, we would see competition and the closing of firms that could not cut the mustard rather than the continuance of those that hoard labor and run in an incredibly inefficient and wasteful manner. We would see the emergence of an economic cycle. We would also see resistance on the part of large parts of the planning and party apparatus whose existence and institutions these capitalist forces threatened. And, most important, it is **inconceivable** that the loss of job security, and the economic dislocations would be met with relative passivity by a proletariat that is more heavily concentrated in large-scale production than any that exists (or has ever existed) in the world. We predict (and there are few such predictions that are relatively safe for Marxists to make) that the response by the Soviet working class would not have to be discovered in obscure reports, but would be visible nightly on TV news and in the thousands of corpses that inevitably accompany massive class warfare involving tens of millions of people.

## CONCLUSION

The detailed examination we have carried through leads to only one conclusion compatible with a Marxist framework—the Soviet economy is not organized along capitalist lines, the basic laws of motion of the capitalist mode of production are not operative there, and the basic transformation of the economic and social life of the country which began with the Bolshevik revolution has not been reversed. The restorationist thesis, in either of its two major forms, has no basis in reality and is theoretically indefensible from a Marxist perspective.

We have not in this paper attempted to analyze the international role of the Soviet Union, perhaps the most burning political issue of the day among Marxist-Leninists, and we sympathize with those who may be impatient with us for not having done so. We believe however an analysis of the international role not based on a careful prior analysis of the internal character of the Soviet Union would necessarily be superficial and subjective rather than scientific. We believe that the analysis of this paper lays the groundwork for an investigation of the international role of the Soviet Union, a task we hope to carry out in the near future. One can say, however, that based on the findings of this paper, the Albanian and Chinese theory of social imperialism and the two superpowers, which is

based on the assumption of full capitalist restoration in the Soviet Union, is clearly wrong. In addition, the extreme anti-Leninist *theory of the three worlds* which provides the theoretical justification of a *de facto* anti-Soviet alliance between China and the U.S. signifies the abandonment and betrayal of the international proletarian movement.

To resolve the question of the international role of the Soviet Union is a central theoretical task facing Marxist-Leninists at this time. It is, however, only one part of a more comprehensive theoretical task facing us.

The Marxist-Leninist forces in this country, and internationally, are split into a number of trends, none of which possesses a serious revolutionary strategy. We are in a period of confusion and retreat organizationally, politically and theoretically. At this time there is no underlying set of common strategic and theoretical conceptions binding together the majority of Marxist-Leninists, a pre-requisite for unity over the long haul.

This is one basic reason for the widespread demoralization and depoliticization affecting many of the previously most conscious and active elements. The confusion and disarray which prevails is also the root basis of much of the virulent sectarianism which always arises in such periods, and further divides and confuses the movement. The result is that even when there is widespread agreement on a particular question (e.g. the Bakke case), there is no unity of action and thus no real Marxist-Leninist leadership or initiative among the masses. Thus while there are many individual Marxist-Leninists and many, possibly too many, Marxist-Leninist organization, there does not exist a significant communist movement in the U.S. at this time. Under these conditions seeing the main priority at this time as the fusing of the communist movement with the working class movement and forming a revolutionary proletarian movement is simply hot air.

To overcome this paralysis involves the development of a comprehensive Marxist analysis and strategy for making revolution, both internationally and within the U.S. This cannot be the work of a handful of theoreticians or a single organization. This task can only be carried through successfully if the conscious forces, individuals and organizations, collectively undertake it over a period of many years in an environment where both comradely differences and sharp but constructive debates can flourish. We are far from making light of the profound differences among Marxist-Leninists, or of pretending these differences will all be resolved amicably, by sweet reason. However, we do believe that the patient and consistent application of Marxism-Leninism to the concrete reality of the present day can in the long run win serious people away from both anti-Marxist lines and from apathy and despair.

This task demands the development of a more profound grasp of

Marxism and Leninism among political activists; for the lack of such understanding among us—and here the authors certainly do not exclude themselves—has been a serious roadblock to the theoretical development of the communist movement. Here the question of the existence or non-existence of capitalism in the Soviet Union becomes a sort of litmus test. There is virtually no case, from within a Marxist perspective, for the thesis of the restoration of capitalism in the Soviet Union. If an organization cannot apply Marxism to such a straightforward question, as the existence of capitalism in the Soviet Union, where the facts are readily available and the Marxist categories as to what constitutes capitalism are clear, then there is little hope that such a group will have much to contribute on the more complex questions which face us. If activists in sufficient numbers are unwilling or unable to go back to the classics so as to evaluate the various polemics on this question on Marxist grounds, then there will be little impetus to move beyond the bankrupt, often mindless, positions that dominate communist thinking on more difficult and thorny questions.

Of course, a shallow understanding of Marxism is not the only, or even main roadblock to clarity on vital theoretical questions. Particularly on the question of the Soviet Union there is the profound difficulty, which has affected the authors as much as anyone, of setting oneself in opposition to the historic leadership of the anti-revisionist movement, the PLA and in particular the CPC. While acknowledging the painfulness of such a break, we also insist on its necessity. The fate of the communist movement in this country for many years is at stake. Should a genuine Marxist-Leninist trend fail to develop out of the present forces, and such a trend will fail to develop if the requisite theoretical work is not achieved, the possibility of a successful proletarian revolution in the U.S. will be foreclosed for yet another generation.

## Appendix

# On Our Method

The present work is a polemic, a polemic against a widely held view in the international communist movement on the nature of the Soviet Union. It is directed primarily at Marxist-Leninists with the hope that it will help dispel some errors and confusions on basic questions, errors and confusions which pose serious roadblocks to the development and growth of our movement. It is neither a scholarly treatise on the Soviet Union, nor does it represent a fully developed line on the Soviet Union. Many fundamental questions are dealt with in a very sketchy manner, and some are not dealt with at all. There are certain basic questions for which we do not have adequate answers. At the same time, our analysis has proceeded to the point where we are convinced that many, if not most, of the widely held views of the anti-revisionist left on the Soviet Union are wrong. For reasons touched on in the introduction, we consider it crucial at this time to re-open questions that we ourselves not long ago considered as settled.

If Marxist-Leninists have nothing else they have a rich collection of models for constructing polemics. Different types of polemics serve different purposes. We are concerned with a theoretical understanding of a profound and complex social development—the evolution of the Soviet Union over the past quarter century. As a method of approach to such a question, we can do no better than to follow Lenin's method of approach to an equally profound and complex social development—the development of imperialism. *Imperialism, the Highest Stage of Capitalism* is a brilliant polemic against Kautsky's views on imperialism, views that dominated the working class movement of the day. We have drawn a number of principles of method from that work which we have attempted to apply to our subject.

1) In attempting to theorize, one must have a firm and precise grasp of the social and economic phenomena, including its historical development. Before dealing directly with Kautsky's views, Lenin devoted many pages to a precise description of monopoly capitalism; he showed the role of the banks, the necessity for the export of capital, etc. Further, he traced out the historical development of these phenomena. In doing this,

Lenin does not rely on opinions, impressions, or anecdotes. Rather, he marshalls data of an objective character in a scientifically rigorous manner.

2) Lenin goes to great lengths to pose the theoretical questions as sharply and as thoroughly as possible. He avoids demagogic and vague formulations.

3) Lenin puts forth the positions against which he is polemicizing fully and in their strongest form. He is not interested in scoring debating points by seizing on particularly inept formulations or on marginal questions. He aims his blows at the essential errors, at the central thesis of Kautsky and other opportunist lines, while acknowledging what is worthwhile and correct in their formulations.

Point 3) is a characteristic of any substantial polemic. A position that is not worth treating seriously is not worth polemicizing about. For example, it would be easy to score points by emphasizing the correspondence of the restorationist critiques of the Soviet Union with that of earlier bourgeois and ex-Trotskyist attacks. We have not developed that line of attack because it would lead to dismissing those positions because of their unsavory associations, as opposed to examining them on their merits. A substantial part of our paper consists of attempting to formulate the various restorationist theses as clearly and consistently as we are able. Since the restorationists have very sharp differences on the question among themselves, there is no possibility of formulating these theses in a manner that will be acceptable to them all, or fully acceptable to any of them. Thus we can, and undoubtedly we will, be accused of stacking the deck, of misrepresenting the arguments, of distorting the positions. Our reply is that we have formulated the restoration thesis in the form that they make the most sense to us, and in the form they are generally understood and broadly accepted in the communist movement.

Point 2) is particularly important in analyzing the question of the restoration of capitalism in the Soviet Union. The restorationist theorists have appropriated certain of Lenin's terms, e.g., state capitalism, social imperialism, etc. They use these terms, however, in ways far different from the original meaning. Basic terms in Marxian political economy—exploitation, surplus value, private property—have been used quite vaguely and loosely, as opposed to the precise and scientific articulation of these notions by Marx. The result of such theoretical slackness, the failure to elaborate and articulate basic concepts in a rigorous manner, is to encourage the smuggling in of basically un-Marxist and anti-Marxist concepts and methods under the cover of Marxist terminology.

The theoretical slackness is not only manifested in terminological vagueness and confusion, but also in the lack of a rigorous and scientific plan of attack on the question. Clearly, to establish the thesis of the restoration of capitalism in the Soviet Union involves a precise and systematic comparison of the Soviet Union before and after the

restoration. This has nowhere been done. Rather the restorationist method of attack is to list many of the bad things about the present day Soviet Union, not usually even bothering to distinguish genuinely new developments from those evils which were also manifested in the earlier, pre-restorationist period.

Finally, the lack of theoretical rigor is manifested in the inability to apply scientific criteria of evidence and data. Anecdotes, rumors, the most superficial impressions are all thrown in the same pot with hard data, statistics, etc. Any tidbit which seems to support their thesis is trotted out, including many pearls of dubious authenticity. We are particularly concerned with breaking with this method of handling data, and thus place the discussion on a more scientific base.

The main difficulty with relying on anecdotes, impressions or even journalistic accounts, as the Chinese and to a certain extent the Albanians often do, is that there is no way of assessing whether the phenomena described is characteristic or representative. Each anecdote depicting how awful life is in the Soviet Union that is put forth by the restorationists, can be matched by a contrary anecdote put forth by the defenders of the Soviet Union, showing how great life there is. This counterposing of anecdotes does not lead anywhere. Exposures of criminal and corrupt behavior by the Soviet press can be interpreted as meaning such behavior is endemic and characteristic of the Soviet scene or as evidence that the authorities are ruthlessly stamping it out.

There are certain important areas of Soviet reality about which there is no hard data available. The existence of a widespread gray and black market in goods and services is confirmed independently by thousands of foreign residents and Soviet emigrés. Since these are individuals in a position to experience directly this phenomena, one can accept the existence of widespread illegal and semi-legal dealing in goods and services even though there is no hard data establishing this. On the other hand, claims by individuals on the number of political prisoners in the Soviet Union, or the number of millionaires, must be taken with great skepticism. Are these informants in a position to know these supposed facts they are reporting, or are they simply reporting rumors and conjectures? One cannot base a scientific argument on gossip. There is another, more academic, type of argument-through-anecdote common among restorationist theorists. That is to take examples, experiments, or even proposals advanced in Soviet economic literature as descriptions of characteristic Soviet practice. Using this type of argument, one could, of course, prove anything one likes. It is totally valueless from a scientific point of view.

Having said all this, does there in fact exist hard data of the type we are demanding? Does there exist data which is gathered under reasonably scientific controlled conditions, and subject to checks and verifications? The Central Statistical Bureau in Moscow puts out voluminous reports

on the economic performance of the Soviet Union, and further there is rich literature by Soviet economists, statisticians and sociologists, including detailed empirical surveys and studies of various aspects of Soviet life. How reliable is this data?

There are really two questions. The first is how competent is the Soviet statistical gathering and processing apparatus, and the Soviet statisticians who must analyze this data? The second question is are they reporting their actual findings or making up figures for propaganda purposes? The first question is easy to dispose of. No serious student of the Soviet Union has questioned the competency of the statistical gathering and processing apparatus. This does not mean that biases and distortions are not introduced into this data—in any large scale data gathering operation they usually do occur. However, these biases are not likely to matter much for the type of qualitative and comparative use which we make of them. There is no reason to believe the direction of distortions due to defects in the data gathering or processing procedures has changed in the past 25 years. As far as the competency of Soviet economic statisticians again there can be no question. As Peter Wiles says (*op. cit.*, p. 1) in describing the Soviet studies of wage distribution, “The Soviet literature on this subject is vast and sophisticated. There are many good—and some not so good—writers, they have developed formulas and concepts as useful and original as in any other country. They clearly dispose of innumerable surveys and a rich store of data . . . .”

*Note:* For a discussion of many of the weaknesses of Soviet statistical analysis, one should see the article by the two emigré Soviet statisticians. A. Tretyakova and I. Birman, “Input-Output Analysis in USSR,” *Soviet Studies*, April 1976. They are extremely critical as emigrés are wont to be but even they speak of “. . . the USSR with its well developed and comprehensive statistical system . . . .”

The charge of fabricating false figures has not been seriously made since the late 50's. To quote Nove (*The Soviet Economic System*, p. 351):

Few indeed are those who believe that Soviet Output statistics are invented. The consensus is that they represent the data which the planners and statisticians themselves use, though of course with omissions. Indeed some of the omissions when they occur reinforce this view. Thus there have been occasions when an item suddenly disappears from the annual statistical report. When, later, it is reinstated, it can be seen that its output has declined, so selective concealment, not outright invention, is the practice (though, in fairness figures showing declines are sometimes published also). A considerable number of emigrés have worked in economic-statistical offices, and not one has alleged that two sets of books were kept . . . .

Perhaps the most compelling argument against the charge of deliberate falsification of statistics is technical and was made by R.W. Campbell, (*Soviet Economic Power*, 1960, p. 35). Namely, one couldn't do it without getting caught. Given the volume and comprehensiveness of Soviet statistics and the powerful methods of checking consistency the chances of getting away with deliberately false statistics are close to zero. With thousands of Western experts continuously monitoring Soviet statistics, the massive inconsistencies which are the inevitable results of systematic falsification would surely have been detected. In fact, no such inconsistencies have appeared.

We are not claiming that Soviet statistics present an undistorted picture of Soviet economic life. There are important areas for which the Soviets do not publish adequate statistics. Nove (*op. cit.*, p. 350) lists the major areas for which Soviet statistics are omitted, or inadequate. The main area concerns military production and arms sales abroad, but also there is adequately detailed data lacking on income differentials, certain social statistics relating to minorities, and other politically sensitive areas. There is also the use of illegitimate aggregations and classification schemes to cover-up unattractive aspects of Soviet economic life. This is also common practice in the West, where to take the most notorious example, the definition of unemployment is rigged so as to minimize the unemployed statistics. In the Soviet Union, for example, the category "worker" often includes foremen and other highly paid people in supervisory roles, thus raising the average wage of "workers" in the Soviet Union.

One might argue that, the above being true, to rely on Soviet statistics is to stack the deck in favor of the Soviet Union. This is certainly the case if one relies on these statistics **uncritically**. However, it is possible with a careful analysis of these same statistics to uncover what the Soviet leaders hope to conceal. The CIA, primarily on the basis of published statistics, is able to get a pretty fair estimate of Soviet military expenditures, the thing the Soviets take the most pain to disguise. Wiles, on the basis of published Soviet statistics, is able through careful analysis to gain a fairly precise knowledge of Soviet income differentials (Wiles, *op. cit.*), even though the Soviets pretty clearly attempted to conceal these facts. In any case, omissions and disingenuous aggregations can at best cover up negative features; they cannot be used to paint a positive picture to a reasonably careful and skeptical observer.

To sum up our discussion of evidence and data: the only scientific basis for drawing conclusions about Soviet economic reality is through the critical analysis of Soviet statistics. In areas for which there are no such statistics available, such as the extent of the gray and black markets, one is forced to rely on more impressionistic data. Here, one must be extremely tentative. With such an approach there will be many questions one cannot answer; however, as we attempt to demonstrate in this paper,



one can definitely refute the restoration thesis—at least in the forms it has been put forward up to this time.

One final point is in order. Neither of the authors of this paper knows Russian. (This also seems to be true of all the U.S. theorists of restoration, judging from their sources and references.) This is less of a problem than it might appear to be at first glance, since the Soviet material has been voluminously translated. Perhaps more importantly, we have relied to some extent on Western Soviet scholars for interpretation of this data. (Raw data must always be put into a context, that is interpreted.) Since these scholars, with a couple of exceptions, are not Marxist-Leninists, we also have maintained a critical attitude toward their interpretations, attempting to take into account the inevitable distortions produced by their ideological preconceptions. These scholars are all highly critical of Soviet reality and have no vested interest in arguing for the socialist character of Soviet society; hence their descriptions have a certain neutral character which present a reasonable point of departure for our study. We thus draw on their empirical analysis. In so far as they draw theoretical conclusions, these conclusions are not informed by a Marxist understanding and so are superficial and reflect deeply ingrained bourgeois prejudices. In our approach to the work of bourgeois scholars we attempt to follow the method of Marx and Lenin who made use of the work of bourgeois scholars of their own era. We should add that in the course of our studies we have come to respect certain scholars such as Nove, Granick, Carr, and Wiles for their integrity as well as their scientific sophistication in the handling and interpretation of data. In these respects many of our fellow Marxist-Leninists have a great deal of distance to cover before catching up to the best of bourgeois thought.

Figure 1

## Soviet Industrial Production as Percentage of 1970

1950	21.6	1959	49.4	1968	89.4
1951	23.8	1960	53.2	1969	93.7
1952	26.0	1961	57.6	1970	100
1953	22.8	1962	61.4	1971	106.1
1954	31.8	1963	65.4	1972	111.5
1955	35.2	1964	69.5	1973	118.4
1956	38.3	1965	74	1974	125.8
1957	41.5	1966	78.6	1975	133.3
1958	45.7	1967	84.3		

SOURCE: Real Gross GNP of USSR—1950-1975  
R.V. Greenslade—*Soviet Economy in New Perspective*.

Figure 2

The Industrial Production of the USSR and 3 Advanced Capitalist States  
as Percentage of 1970

	1960	1963	1967	1968	1969	1970	1971	1972	1973	1974	1975
JAPAN	28	41	66	76	88	100	103	110	127	124	110
SWEDEN	55	67	83	88	94	100	101	104	111	118	115
U.S.	61	71	93	99	103	100	102	111	120	120	109
USSR	44	57	79	86	93	100	102	115	123	133	143

SOURCE: *UN Statistical Yearbook 1976*. Note figures for Soviet Union do not agree with above of Greenslade (Figure 1). UN statisticians use a different method of calculation.

Figure 3

## Employment in Manufacturing as Percentage of 1970

	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
JAPAN	89	92	95	98	100	101	101	105	105	99
SWEDEN	102	98	96	98	100	97	96	98	100	
U.S.	99	100	102	104	100	96	99	104	104	95
USSR	89	92	96	98	100	102	103	105	107	109

SOURCE: UN Statistical Yearbook—1976

Figure 4

Table of Decile Ratios of Earning of Workers and Employees  
in the Soviet Union

1928	1934	1946	1956	1964	1966	1968	1976	1978
3.82	4.15	7.24**	4.4	3.7	3.2	2.7	3.2	2.9*

(Wiles, p. 25)

\*Planned. This figure is quoted in J.F. Hough, *The Brezhnev Era*, Problems of Communism, 1976, p. 12.\*\*The index for 1946 is artificially high for special reasons—see Wiles, *op. cit.*, p. xxii.

The ratios of per capita family income—slightly different from the above—for various countries in years between 1965 and 1970 are as follows:

Britain	3.4-3.9	Bulgaria	2.73
USA	6.7-7.0	USSR	3.5-3.7
Italy	5.9	Sweden	3.0
Hungary	3.0	Denmark	6.0
Poland	3.1	Canada	12.0
Czech	3.1-3.2		

(Wiles, p. xiv, 43)

Wiles figures show Eastern Europe more "equal" than advanced western European countries other than Sweden and Britain. The fact that countries with such similar social structures as Denmark or U.S. and Canada and have such different ratios shows the limitation of this ratio as a useful index of comparison of different social structures although changes of this index over time within the same country might be more meaningful.

Figure 5  
**CPSU Membership, 1917-1967**

Year	Full Members	Candidates	Total
1917	24,000	None	24,000
1918 (March)	390,000	None	390,000
1919 (March)	350,000		350,000
1920 (March)	611,978		611,978
1921 (March)	732,521		732,521
1922	410,430	117,924	528,354
1923	381,400	117,700	499,100
1924	350,000	122,000	472,000
1925	440,365	361,439	801,804
1926	639,652	440,162	1,079,814
1927	786,288	426,217	1,212,505
1928	914,307	391,547	1,305,854
1929	1,090,508	444,854	1,535,362
1930	1,184,651	493,259	1,677,910
1931	1,369,406	842,819	2,212,225
1932	1,769,773	1,347,477	3,117,250
1933	2,203,951	1,351,387	3,555,338
1934	1,826,756	874,252	2,701,008
1935	1,659,104	699,610	2,358,714
1936	1,489,907	586,935	2,076,842
1937	1,453,828	527,869	1,981,697
1938	1,405,879	514,123	1,920,002
1939	1,514,181	792,792	2,306,973
1940	1,982,743	1,417,232	3,399,975
1941	2,490,479	1,381,986	3,872,465
1942	2,155,336	908,540	3,063,876
1943	2,451,511	1,403,190	3,854,701
1944	3,126,627	1,791,934	4,918,561
1945	3,965,530	1,794,839	5,760,369
1946	4,127,689	1,383,173	5,510,862
1947	4,774,886	1,277,015	6,051,901
1948	5,181,199	1,209,082	6,390,281
1949	5,334,811	1,017,761	6,352,572
1950	5,510,787	829,396	6,340,183
1951	5,658,577	804,398	6,462,975
1952	5,853,200	854,339	6,707,539
1953	6,067,027	830,197	6,897,224
1954	6,402,284	462,579	6,864,863
1955	6,610,238	346,867	6,957,105
1956	6,767,644	405,877	7,173,521
1957	7,001,114	493,459	7,494,573
1958	7,296,559	546,637	7,843,196

1959	7,622,356	616,775	8,239,131
1960	8,017,249	691,418	8,708,667
1961	8,472,396	803,430	9,275,826
1962	9,051,934	839,134	9,891,068
1963	9,581,149	806,047	10,387,196
1964	10,182,916	839,453	11,022,369
1965	10,811,443	946,726	11,758,169
1966	11,548,287	809,021	12,357,308
1967	12,135,103	549,030	12,684,133
1967 (July)			12,947,926

Figures as at January 1 unless otherwise indicated.

SOURCE: *Parliinaia zhizn'*, No. 19, October 1967, pp. 8-10. The source explains that the figures for 1918 were worked out by the Institute of Marxism-Leninism of the CPSU Central Committee on the basis of reports of local party conferences held in the preceeding months; that those for 1919, based on the organizational report of the Central Committee to the Eighth Congress, were exclusive of party members located in areas under White control; and that those for 1920 and 1921 were based on data presented to the Ninth and Tenth Congresses. In general, figures for the Civil War years must be regarded as approximations only.

There were already candidates (probationary members) in 1919, but this status was not regularized till December of that year. Separate figures for full members and candidates are not available before 1922. The source on which our table is based implies that candidates were not included in the totals shown for the years 1920 and 1921, these figures representing full members only. There would appear some reason for doubting this. According to A. S. Bubnov, in *Bol'shaia sovetskaia entsiklopediia*, 1st ed., Vol. XI, Col. 531, full members numbered 431,400 in January 1920 and 576,000 in January 1921. If, however, there were in fact 732,521 full members in March 1921 and total party membership was therefore well above this figure, the scale of the subsequent expulsions and withdrawals from the party was considerably greater than is usually supposed.

The figures shown here for 1927, which were evidently based on the party census of January 10 of that year, are significantly lower than those derived from current statistical returns supplied by subordinate party organizations to the Central Committee.

Figure 6  
**Class Composition of Post-Purge Recruits  
 Compared with 1929 Recruits  
 (Percentage of All Enrollments)**

	1929 Enrollments	November 1936- March 1939 Enrollments
Workers	81.2	41.0
Peasants	17.1	15.2
Intelligentsia		
White Collar	1.7	43.8

(Rigby, p. 223)

Figure 7  
**Class Composition of CPSU Membership  
 Percentage of All Members and Candidates**

	Jan. 1924	Jan. 1930	July 1932	Jan. 1956	July 1961	1964	Jan. 1966	Jan. 1967
Workers	44.0	65.3	65.2	32.0	34.5	37.8	37.8	38.1
Peasants	28.8	20.2	26.0	17.1	17.5	16.2	16.2	16.0
White Collar and Others	27.2	14.5	7.9	50.9	48.0	46.2	46.0	45.9

Figure 8  
**Occupation of CPSU Recruits**  
**Percentage of All New Candidates**

	Workers	Collective Farmers	Specialists	Other White Collar	Students
1952-55	28.3	15.8	26.4	25.6	3.9
1956-61	41.1	22.0	23.2	12.6	1.1
1962-65	44.7	15.0	28.2	11.1	1.2
1966-70	52.0	13.4	26.4	7.5	.7
1971	56.9	11.9	24.3	5.9	1.0
1972	57.3	11.7	24.0	5.5	1.5

SOURCE: Rigby, "Soviet Communist Party Membership Under Breshnev," *Soviet Studies*, July 1976, p. 329 (Table 6).

# THE MYTH OF CAPITALISM REBORN: A Marxist Critique of Theories of Capitalist Restoration in the USSR

by Michael Goldfield and Melvin Rothenberg

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